



Colombo City Holdings PLC

**ANNUAL REPORT 2022|2023**



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## PERFORMANCE HIGHLIGHTS

	Group		Company	
	2022/23	2021/22	2022/23	2021/22
<b>Balance Sheet - LKR</b>				
Cash & Cash Equivalents	9,481,396	34,852,406	2,762,628	5,033,916
Other Financial Investments	556,506,000	837,771,106	517,066,650	837,741,394
Trade & Other Receivables	742,070,602	743,577,931	392,707,352	455,003,962
Total Current Assets	1,312,812,479	1,620,755,956	912,536,635	1,297,779,272
Total Non-Current Assets	1,011,134,363	392,473,647	1,246,948,263	683,775,847
Total Current Liabilities	184,401,668	51,807,836	136,411,152	44,339,552
Total Non-Current Liabilities	117,752,731	25,836,702	64,232,339	19,444,753
Total Shareholders' Equity	2,021,792,443	1,935,585,065	2,021,792,444	1,917,770,814
<b>Income Statement - LKR</b>				
Revenue	88,206,302	38,466,551	-	2,255,500
Gross Profit	84,776,789	35,713,301	-	1,783,172
EBITDA	239,020,723	61,220,621	149,513,738	49,201,739
Profit/(Loss) Before Taxes	222,160,364	57,434,706	140,914,104	46,832,503
Net Income/(Loss)	86,079,044	32,614,806	40,942,299	29,474,734
<b>KEY RATIOS</b>				
<b>Profitability Ratios</b>				
Return on Equity	4.26%	1.69%	2.09%	1.54%
Return on Assets	3.70%	3.04%	1.90%	2.48%
Return on Sales	97.59%	84.79%	0	1306.79%
Gross Profit Margin	96.11%	92.84%	0	79.06%
Asset Turnover Ratio	3.80%	1.91%	0	0.11%
EPS	67.63	25.62	32.17	23.16
Current Ratio	7.12	31.28	6.69	29.27
Quick or Acid Test Ratio	7.12	31.2	6.69	29.27
Debt to Equity Ratio	0.15	0.01	0.10	0.01
NAV	1,588	1,521	1,539	1,507
Interest Coverage Ratio	14.83	23.26	18.39	21.09

## CHAIRMAN'S MESSAGE



### Dear Shareholders,

I am pleased to present the Annual Report and audited financial statements of Colombo City Holdings PLC (CCH) for the year ended 31st March 2023, which concluded on a positive and profitable note despite the country's challenging economic environment.

### Strategic Orientation

During the financial year 2022/23, CCH as a Group further consolidated its position as a holding company managing and transforming a diversified investment portfolio.

I must recall that in 2021, we sold one of our primary real estate properties located in Union Place while transferring proceeds to multiple investment tools. This became a turning point in the decision to diversify our portfolio – shifting from a predominantly rental-based revenue model to a more diversified stream of income. Nevertheless, in 2022/23, with futuristic strategic interests in mind, we invested LKR 575 Mn in a beachfront property located in Kosgoda, adding a real-estate investment to our portfolio.

### The External Environment

Considering the financial year 2022/23, Sri Lanka as a nation faced a contraction in economic activity, spilling over to the first quarter of 2023. In 2022, the GDP contracted by 7.8%, while reports indicate an 11.5% contraction in the first quarter of 2023. All economic sectors contracted with agriculture recording a marginal expansion in the first quarter of 2023. Industry and services segments remained subdued during the same period. Real estate activities contracted in line with the

overall movement of economic activity as it decelerated by 12.1%, compared to the 4.4% growth recorded in the previous year. This became a driver in the contraction of the country's services sector.

### Financial Snapshot

With prudent financial investments and lending to subsidiaries within the Ambeon Group as critical levers for the purpose of generating revenue, the Group remained profitable during the year under review. Revenue of CCH as a Group amounted to LKR 88 Mn despite facing a reduction in rental income due to the sale of the investment property on Union Place during the preceding year. However, driven by a considerable decline in direct cost, gross profit increased by 137% to LKR 85 Mn for the year compared to the LKR 36 Mn achieved in 2021/22.

Finance income through financial investments and lending accumulated to LKR 210 Mn, surpassing the LKR 90 Mn achieved during the previous fiscal year. Subsequent to taxation, consolidated profit after tax was reported as LKR 86 Mn, an increase of 164% from the LKR 33 Mn achieved during the previous financial year.

Further, the investment of 575 Mn in acquiring the beach front property at Kosgoda raised our asset base to LKR 2.3 Bn from LKR 2 Bn reported at the end of the previous financial year.

### Governance

During the year, we complied with all necessary regulations and did not experience any legal implications or concerning circumstances. The composition of the Board remained similar to previous years. The group's operational activities are

underpinned by responsible conduct, and the Board ensured that transparency and integrity are practised by all employees.

Ensuring the safety of the Group's financial interests, we reviewed the risk management framework in the year under review. This was a proactive stance taken in light of the volatile external environment and the impact of monetary policy changes had on our investments. Furthermore, the Board's decision-making reflected a balanced approach in securing the vested interests of the Group, its parent Ambeon Holdings PLC and all its stakeholders.

### **Outlook for the future**

The business environment in Sri Lanka is currently experiencing high levels of volatility with the government trying to implement progressive strategies for economic sustainability. However, adopting a cautiously optimistic outlook, we will continue to monitor the macroeconomic factors and take pragmatic, proactive and necessary decisions in scaling our investment portfolio. Identifying sensible strategic investments while expanding prudently will be crucial to ensure that our financial transactions capture opportunities even during economic turmoil. Applying good judgement will be critical to understanding investments that are resilient against adverse market and economic conditions. All in all, our financial investment portfolio will continue to drive Group revenue and is a crucial asset in upholding interests and expectations of all our stakeholders.

### **Acknowledgement**

I convey my appreciation to the respective Board members for their leadership and insightful directions provided across the year. Furthermore, my appreciation is extended to the respective Board and Executive Leadership of Ambeon Holdings PLC, for their continued guidance on matters of importance and patronage in Group strategic decisions.

I take this opportunity to thank the management and team at CCH - for approaching the financial year positively and overcoming its challenges diligently. The operational resilience of our team was indeed commendable amidst the turbulent economic and social backdrop.

I would also like to convey my appreciation to our partners, banks and various other service providers who continued to maintain sound relationships in driving mutually beneficial partnerships. I further extend a note of gratitude to our shareholders for the trust and confidence placed as we continue to venture into new vistas that will increase wealth and value creation for all.

Sgd.

**D R Abey Suriya**

Chairman

28 August 2023

## BOARD OF DIRECTORS



### **Mr. Darshan Ravindra (Ravi) Abey Suriya** Chairman/Independent Non-Executive Director

Mr. Abey Suriya currently functions as Director/CEO of Senfin Securities Limited and as an Independent Non-Executive Director of Seylan Bank PLC, HNB Assurance PLC, Bio Foods (Pvt) Ltd and Senfin Asset Management (Pvt) Ltd and Chairman of Sherwood Capital (Pvt) Limited. He is also a Member of the Disciplinary Review Council (DRC) of the CFA Institute, USA and Advocacy Chair and Board Director of CFA Society Sri Lanka. Formerly, he was the Head of Strategic Business Development at Hayleys Group, Managing Director of Amba Research Lanka, and Managing Director of Fitch Ratings Lanka.

Further, Mr. Abey Suriya is the President of the Association of Alternative Financial Institutions, Sri Lanka, Co-Chair of the sector committee on Finance and Capital of the Ceylon Chamber of Commerce and Council member of Sri Lanka Institute of Directors (SLID). He also functioned as a permanent member of the Financial Sector Reforms Committee (FSRC), a Prime Ministerial Task Force appointment and was twice appointed as a commission member of the Securities and Exchange Commission of Sri Lanka (SEC). He was also a Director of Sri Lanka Insurance Corporation Ltd (SLIC) and was the Chairman of its Investment Committee. Mr. Abey Suriya has also functioned as a member of the Code of Conduct Review Committee (CoCRC) of the Central Bank of Sri Lanka (CBSL) appointed by the Monetary Board and as a member of Board Risk Oversight Committee and Financial System Stability Consultative Committee of the Central Bank of Sri Lanka and as President of several finance and IT associations.

Mr. Abey Suriya is a Fellow Member of the Chartered Institute of Management Accountants, UK, Chartered Global Management Accountant, USA and a Chartered Financial Analyst, USA and has an MBA from Monash University, Australia.

Mr. Abey Suriya was named as "Lifetime Achievement" award laureate by CFA Institute, USA in 2017 for his outstanding work and dedication to the investment management profession.



### **Mr. Ananda Atukorala** Independent Non-Executive Director

Mr. Ananda Atukorala currently serves as the Chairman of the NAPPP. He is also an Independent Non-Executive Director on the Boards of NDB Capital Holdings Ltd., NDB Securities (Pvt) Ltd, NDB Zephyr Partners Ltd, Mauritius., United Motors Lanka PLC., Unimo Enterprises Ltd., Arni Holdings & Investments (Pvt) Ltd., and Unawatuna Boutique Resort (Pvt) Ltd and a Non Executive Director of on the Boards of SriLankan Airlines Ltd. and SriLankan Catering Ltd.

He was formerly the Independent Non-Executive Chairman of NDB Bank PLC., and DHPL Ltd. He was also an Independent Non-Executive Director of DFCC Bank PLC., DFCC Vardhana Bank Ltd., Union Bank PLC., UB Finance Company Ltd., Orient Finance PLC and TVS Lanka Ltd.

He possesses extensive experience in banking extending around 40 years, having been with the ANZ Grindlays Banking Group in Sri Lanka, London. & overseas territories and having served as Deputy General Manager of ANZ Grindlays Bank, Sri Lanka, Country Manager - Sri Lanka of Mashreq Bank PSC,.

He was also a former advisor to the Ministry of Policy Development & Implementation. He has also served as a Member of the Technology Initiative for the Private Sector - an USAID sponsored project with the Ministry of Industrial Development, a Member of the Commercial Banking Sector of the Presidential Commission on Finance and Banking and as a Committee Member of the Banker's Club of Sri Lanka.

He was a former Director of the Sri Lanka Banks Association (Guarantee) Ltd. and the Credit Information Bureau of Sri Lanka (CRIB). He holds a BSc (University of Leeds, UK), MTT (North Carolina State University, USA) and an MBA.



**Mr. Chirath Devasurendra**  
Non-Executive Director

Mr. Chirath Devasurendra holds a First Class Honours in Bachelor of Science in Tourism & Hospitality Management from the University of Surrey, UK, a Certificate in Strategic Marketing from Imperial College London and Executive education from Harvard Business school and London Business School.

Presently Mr. Devasurendra is the Managing Director of Cyril Rodrigo Restaurants (Private) Limited, which operates the brands Green Cabin and Pagoda and holds directorships in Navitas Investments (Private) Limited, Ediriya (Private) Limited and Iranama Properties (Private) Limited.



**Dr. Sajeeva Narangoda**  
Non-Executive Director

Dr. Sajeeva Narangoda is currently the Executive Director of Ambeon Holdings PLC. In addition, Dr. Narangoda serves on the respective Boards of Millennium IT ESP, Eon Tec (Pvt) Ltd, Dankotuwa Porcelain PLC., Royal Fernwood Porcelain Limited, Taprobane Capital Plus (Pvt) Ltd and Sherwood Capital (Pvt) Ltd as a non-Executive Director.

His illustrious career includes serving Colombo City Holdings PLC as its Executive Director/Chief Executive Officer, Dankotuwa Porcelain PLC as its Chief Executive Officer, Millennium IT ESP as Executive Director, Browns Hospitals Limited (currently known as Melsta Hospitals) as Director/Chief Executive Officer and Hemas Hospitals as the Chief Operating Officer.

He has also been serving the Australian Council on Healthcare Standards International (ACHSI) as an International Hospital Assessor since 2012 and as country representative for Sri Lanka since July 2019.

Dr. Narangoda holds a Bachelor of Dental Surgery degree from the University of Peradeniya, Sri Lanka and a Master of Science (Finance and Management) from Keele University UK. In addition, he is a Fellow Member of the Chartered Institute of Management Accountant (CIMA) UK, a Chartered Global Management Accountant (GGMA) UK and a Certified Practicing Accountant (CPA), Australia.



**Mr. Yudhishtan (Yudy) Kanagasabai**  
Non-Executive Director

Mr. Yudy Kanagasabai currently serves as the Chairman of the Board Audit Committee of Ceylon Tobacco Company PLC, Eswaran Brothers Exports (Private) Limited and Millennium IT ESP (Pvt) Limited, and as an Independent Non-Executive Director of Cargills Ceylon PLC and MainGate (Private) Limited. He is also a Non-Executive Director of Cargills Food Company Limited, Cargills Bank Limited, Ambeon Capital PLC, Dankotuwa Porcelain PLC and Taprobane Capital Plus (Private) Limited.

He was the Chairman of the Audit Committee of Union Bank PLC from August 2016 to 31 December 2018, and a Commissioner of the Insurance Regulatory Commission of Sri Lanka from May 2018 to November 2018 and from December 2018 to November 2019.

Prior to taking up several board positions post retirement, he served as the Senior Partner of PricewaterhouseCoopers, Sri Lanka and Maldives. Having joined the Firm in 1981, he held progressively responsible positions before being admitted as a Partner in 1991, following a secondment to the Singapore Firm from June 1988 to May 1990 for training in Information Security.

Mr. Kanagasabai is a Fellow of the Institute of Chartered Accountants of Sri Lanka.



## MANAGEMENT DISCUSSION AND ANALYSIS

### An evolved identity

Colombo City Holdings PLC (CCH) has been part of the local commercial landscape for over 100 years. Established as Colombo Pharmacy, the Group surpassed numerous business ventures and has evolved to its current identity of a diversified investment holding company. Up until recent times CCH's portfolio was dominated with real estate investments.

The initial portfolio included a 21.74 perch land at Bambalapitiya Junction, a 117.05 perch land at Union Place and a 3-acre land development project at Polgasowita, which were divested at later stages. Colombo City Holdings acquired Lexinton Holdings (Pvt) Ltd in 2019, bringing the Group head office at Colombo 08 within its portfolio. Moreover, the proceeds of the said divestments were invested in financial instruments, creating a stable and steady stream of finance income.

### Impacts from the external environment

The Sri Lankan economic crisis in 2022 is construed as the worst since the 1940s and created unprecedented challenges for the local business community. Businesses endured mounting demands when navigating the macro-economic and multiple other challenges. Only a handful of factors laid the basis for optimism; such factors included a rebounding tourism sector that brought in much-required foreign currency earnings and a moderately narrowing trade deficit as exports gradually increased while imports decelerated from restrictions. Moreover, high-interest rates played a part in raising earnings from fixed-income investments, while the substantial rupee depreciation augured well by increasing the rupee value from export revenue. Apart from these instances, the overall milieu was of extreme caution and downplayed sentiments.

The economy contracted by 7.8 per cent in 2022 and then again by 11.5 per cent in the first quarter of 2023; this reflected the contractions in all key economic sectors - agriculture, industry and services. Year-on-year inflation reached 69.8 per cent in September 2022, partly due to high food inflation; surging global commodity prices and currency depreciation also impacted this condition. The exchange rate, which depreciated sharply by 41.4% against the USD in April 2022 called for market guidance; consequently it stabilised in early 2023 through timely measures taken by the financial regulator.

At the centre of the crisis is the country's historically low level of gross reserves; this led to the country's first defaulted debt repayment in 2022 and called for restrictions on a large number of non-essential imports.

Economic contraction and inflation were not a localised concern but extended across the world - marked by decelerated growth from 6 per cent in 2021 to 3.2 per cent in 2022. Global growth is expected to further deteriorate in 2023, as indicated by the IMF forecast at 2.7 per cent. Across the world, inflation reached 8.7 per cent in 2022, with an expected decline to 6.8 per cent in 2023.

Despite the grim domestic realities, projections show an uptick in activity with lesser contraction of economic activity anticipated in 2023. Inflation is forecasted to drop further in single-digit levels at 5.5 to per cent.

### A year of cautious approaches

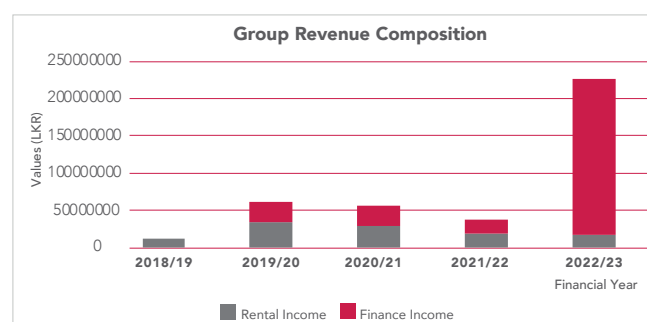
The Group was compelled to adopt the same cautious approach it pursued in the previous fiscal year. As inflation spiralled uncontrollably alongside social unrest, it was prudent to be additionally observant of their effects on the business environment. The socioeconomic deterrents witnessed at the beginning of 2022, made it necessary to act cautiously while debilitating power outages and acute fuel shortages posed constraints on operational continuity. The Group adopted prudent consumption measures and cost controls, taking stringent approaches to manage its operational activities.

Notwithstanding the economic milieu, the group approached a lucrative opportunity to invest and acquire a real-estate property in Kosgoda. A beachfront land, it holds prospects as a prime leisure destination. Additionally, during the year, CCH maintained a basket of investments as an equity portfolio, which comprised multiple counters involving several industries and investments in government securities.

### Financial review

#### Top line performance

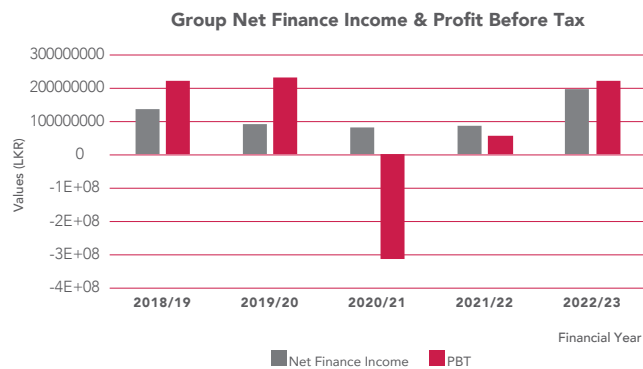
The Group's revenue reached LKR 88 Mn, reflecting a notable increase of LKR 50 Mn compared to the preceding financial year. As a result, the gross profit surged from LKR 35 Mn in the previous fiscal year to an impressive LKR 85 Mn during the current reporting period.



Finance income increased by 134% to LKR 210 Mn from LKR 90 Mn in the previous financial year. The increase in policy interest rates worked favourably for deposits of fixed-income instruments

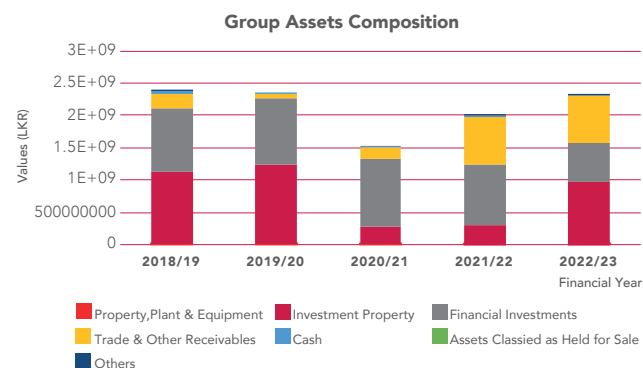
### Bottom line review

Profit before tax of the Group stood at LKR 222 Mn compared with LKR 57 Mn reported in the previous financial year, which is a 287% increase. Net profit for the period stood at LKR 86 Mn against LKR 33 Mn reported in 2021/22. Earnings Per Share (EPS) increased for the year under review to LKR 67.63 from LKR 25.62



### Financial position

Group assets increased to LKR 2.3 Bn from LKR 2 Bn in the previous year. The increase is the result of the newly acquired investment property, which increased the total value of the investment property to LKR 965 Mn from LKR 300 Mn reported in the year before; this resulted in the increase in Group non-current assets from LKR 392 Mn to LKR 1 Bn



As a company, CCH's investments in subsidiary increased from LKR 592 Mn from the previous financial year to LKR 1.2 Bn during the period under review predominantly to the acquisition of Lexinton Resorts (Pvt) Ltd.

The total equity of the Group increased to LKR 2 Bn from LKR 1.9 Bn - a marginal increase due to an increase in retained profits for the year under review.

Group current and non-current liabilities increased during the year under review to LKR 302 Mn from LKR 78 Mn reported in the previous year. Interest-bearing loans and borrowings increased to LKR 98 Mn from LKR 17 Mn reported in the previous year.

### Outlook

Transitioning from a predominantly real-estate portfolio to diversified investments will take centre stage in the near term, alongside cautious approaches to tackling socioeconomic concerns. In the meantime, we will pursue a sensible and optimum portfolio of investments to reap the level of returns. Additionally, we will ensure that our investment portfolio will allow the team to spread market risks prudently, while weathering negative trends - especially when considering the macroeconomic uncertainties.

We will also continue to monitor the external environment continuously to capitalise on positive trends and improvements, taking calculated and decisive decisions. Operationally, cost controls and efforts to minimise debt levels will continue against a backdrop of anticipated monetary policy changes. Given the recent improvements in the macroeconomic direction and the changes that have arisen through the finalisation of the extended fund facility, we remain cautiously optimistic about having a favourable business environment.

## CORPORATE GOVERNANCE REPORT

The Board is accountable to the shareholders for creating and delivering sustainable value through oversight of the management of the Group's business, approving strategic plans, monitoring their implementation, and providing the necessary support for their successful execution. The Board performs its responsibilities within a clearly defined governance framework supported with appropriate monitoring, communication, and reporting mechanisms. Through this framework, the Board, without abdicating its responsibilities, delegates its governance responsibilities to key Committees of the Board and the Management.

The Board retains ultimate accountability and responsibility for the performance and affairs of the Company and ensures that the Group adheres to high standards of ethical behaviour. The Board's commitment to upholding high standards of corporate governance are in compliance with the Listing Rules of the Colombo Stock Exchange (CSE) and other relevant regulations. Thereby the Board confirms that the Company is compliant with the requirements stipulated in the Rules on Corporate Governance contained in the Listing Rules of the CSE and the requirements stipulated in the Companies Act No. 7 of 2007.

This report outlines the Corporate Governance framework, application and practices of the Company for the financial year 2022/23.

### 1. The Board

The Company's business is managed under the supervision of the Board. The role of the Board includes:

- Providing entrepreneurial leadership;
- Providing strategic guidance and evaluating, reviewing and approving corporate strategy;
- Approving and monitoring financial and other reporting practices adopted;
- Effectively reviewing and constructively challenging management performance in meeting the agreed goals, monitoring the reporting of performance and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives.

The composition of Board of Directors is as follows:

Name of Director	Position
Mr. D R Abeyesuriya	Independent Non-Executive Director
Mr. A W Atukorala	Independent Non-Executive Director
Mr. C S Devasurendra	Non-Independent Non-Executive Director
Dr. K S Narangoda	Non-Independent Non-Executive Director
Mr. Y Kanagasabai	Non-Independent Non-Executive Director

Table 1 - Composition of the Board

The profiles of the Directors are found on pages 4 to 5 of this Report.

#### ■ Composition and Balance of the Board

The Board comprises of five Directors, all of whom are Non-Executive Directors. The Non-Executive Directors bring with them years of experience in managing

sustainable business growth and collectively represent an impregnable leadership that supports effective decision making. The Board believes that a truly diverse and inclusive Board will not only be able to leverage the differences in perspectives, industry experience, knowledge and skill, it will also help the Group retain its competitive industry edge.

The Board includes one qualified Chartered Accountant and two Management Accountants who provides the Board with the required financial acumen and knowledge on financial matters.

The Board considers that the composition and expertise of the Board is sufficient to meet the present needs of the Company but will continue to review the composition to enhance the mix of skills and expertise on an ongoing basis to align with the evolving business needs and complexity of environment in which the Company operates.

#### ■ Board Independence

Based on the declarations made annually by each of the non-executive director in accordance with the requirements set out in the Listing Rules of the CSE, Mr. A W Atukorala and Mr. D R Abeyesuriya are considered independent. These directors are independent of management and free from any business or other relationship, which could materially interfere with the exercise of their judgment.

The Board considers the other three non-executive directors, namely Mr. C S Devasurendra, Dr. K S Narangoda and Mr. Y Kanagasabai as non-independent, as they are nominees of Ambeon Holdings PLC, the major shareholder of the Company.

#### ■ Division of Responsibilities

The roles of the Chairman and the CEO are separate with a clear distinction of responsibilities between them, which ensures the balance of accountability and authority between the running of the Board, and the executive responsibility for the running of the business.

The role of the Chairman is to provide leadership to the Board, for the efficient organization and conduct of the Board's function, and to ensure the integrity and effectiveness of the relationship between the non-executive and executive director(s).

The role of the CEO is to implement policies and strategies approved by the Board and develop and recommend to the Board the business plans and budgets that supports long-term strategy and vision that would lead to the maximization of shareholder value.

At the time of compiling this report, the Company does not have a CEO. The Management of the company provided the Board of Directors necessary information required for decision making and where necessary, the Board of Directors obtain independent opinions from legal and accounting professionals in order to bring in wider perspectives on matters of importance.

### ■ Board Meetings and Attendance

The Board meetings are scheduled in advance to enable the directors and management to plan accordingly and fit meetings into their respective calendars.

To ensure that Board meetings are conducted effectively and efficiently, members of the management and external advisors are invited as and when required to attend Board meetings to present proposals and provide further clarity to the Board. All proceedings of the Meetings, including Directors' concerns regarding matters which are not resolved unanimously, are recorded in the Board Minutes.

The Board meets quarterly, with a view to discharging its duties. In addition, special Board meetings are also held whenever necessary to deal with specific matters. Where necessary Board approval was obtained for urgent decisions via a resolution in writing which contained several documents in a like form, each signed and assented to by the Directors who were entitled to receive notice of a board meeting. A total of five (05) meetings were held during the financial year. Attendance at Board meetings are given below:

Name of Director	Board Meetings
Mr. D R Abeyseriya	5/5
Mr. A W Atukorala	5/5
Mr. C S Devasurendra	4/5
Dr. K S Narangoda	5/5
Mr. Y Kanagasabai	5/5

Table 2 - Attendance of Directors at Board meetings

### ■ Access to Information

To enable the Board to make informed decisions, the Board is supplied with complete and adequate information in advance of each meeting, which includes an agenda, minutes, board papers with background or explanatory information, financial and operational performance reports. The Board also receives regular review reports and presentations on business development, risk profiles and regulatory updates. Any additional information may be requested by any director as and when required.

The Board has separate and independent access to the Management. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

### ■ Independent judgement

Directors exercise independent judgment on aspects relating to strategy, resource allocation, performance, key appointments as well as standards of business conduct. The Board composition and representation ensures that there is a sufficient balance of power within the Board, with limited tendency for one or few members to dominate decision making. The Board collectively and the Directors individually act in accordance with the laws of the country of operation which are applicable to the business enterprise. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations and present a compliance checklist to the Audit Committee.

In enhancing the effectiveness of the Board's decision making and preserve overall independence, the Company seeks independent professional advice when deemed necessary at the expense of the Company.

### ■ Professional Development and Performance Evaluation

The directors are provided with the opportunity to update and enhance their skills and knowledge through training conducted by both external and in-house facilitators, and periodically updated with the changes to relevant laws, regulations and accounting standards which may impact the Company's business and the directors.

The Remuneration Committee is responsible for evaluating the Board's performance and decides how the Board's performance may be evaluated and proposes the objective criteria.

## ■ Delegation of Authority and Board Committees

Other than the matters reserved for the Board, the Board has adopted Policies and Limits of Authority, by which the Board has delegated authority to its Board Committees and management. The Policies state the principles and sets out the tone by which business is to be conducted whereas the primary purpose of the Limits of Authority is to set out clear guidance to management as to the matters over which the Board reserves authority and those which it delegates to management. The Limits of Authority has established a sound framework of authority and accountability, which facilitates timely, effective and quality decision making at the appropriate level.

The Board is supported by the following Board Committees which have been delegated with certain specific responsibilities:

- a. Audit Committee
- b. Remuneration Committee
- c. Related Party Transactions Review Committee

All Board Committees have written Terms of Reference approved by the Board. Regular reports are provided to the Board updating with the proceedings and deliberations made at the respective Committee meetings. In instances where committees have no authority to make decisions on matters reserved for the Board, recommendations are highlighted for approval by the Board. The Chairpersons of each of the Board Committees report the outcome of the Committee meetings to the Board and the relevant decisions are incorporated into the minutes of the Board meetings. The Company Secretary acts as secretary to all Board Committees.

A brief description of each Board Committee is provided below:

### a) Audit Committee

The Audit Committee ensures that the Company complies with applicable financial standards and laws. In addition, it ensures high standards of transparency and corporate disclosure and endeavours to maintain appropriate standards of corporate responsibility, integrity and accountability to the shareholders. The appointed members of the Audit Committee are required to exercise independent judgement in carrying out their functions.

The activities conducted by the Audit Committee are set out in the Audit Committee Report on page 16 to 27

### b) Remuneration Committee

The role of the remuneration committee is to formulate, review, approve and make recommendations to the Board with regard

to the remuneration of the executive and non-executive directors and key positions within the senior management.

### c) Related Party Transactions Review Committee

The role of the Related Party Transactions Review Committee is to review related party transactions as prescribed by Section 09 of the Listing Rules of the Colombo Stock Exchange.

The activities conducted by the Related Party Transactions Review Committee are set out in the Report of the Related Party Transactions Review Committee on page 18 to 19.

### Re-appointment and Re-election

In accordance with the Company's Articles of Association, Directors who were appointed during the year must submit themselves to the shareholders for re-election at the first AGM following their appointment and 1/3 of the non-executive directors are subject to retirement and re-appointment by rotation at every AGM. The directors who retire by rotation are those who have been longest in office since their appointment/reappointment.

## 2. Remuneration

The Company's remuneration policy endeavours to attract, retain and motivate directors of the quality and experience commensurate with the stature and operational complexity of the Company. The remuneration policy for directors is proposed, evaluated and reviewed by the Remuneration Committee, in keeping with criteria of reasonability.

## 3. Accountability and Audit

### ■ Financial Reporting

The Board believes that the independent verification is necessary to safeguard the integrity of the accounting and financial reporting.

The Board aims to provide and present a balanced and understandable assessment of the Company's position and prospects. Therefore, the Board has established a formal and transparent process to independently verify and safeguard the integrity of the Company's accounting and financial reporting and internal control systems which are periodically reviewed and monitored to ensure effectiveness.

The Head of Finance declares in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and that operational results are stated in accordance with relevant accounting standards.

## 4. Recognize and Manage Risk

### ■ Internal Control

The Board acknowledges its overall responsibility in ensuring that a sound system of internal control is maintained to safeguard shareholders' investment and Company's assets.

The Audit Committee conducts a review of the effectiveness of the system of internal controls and reports its findings to the Board. The review covers all material controls, including financial, operational and compliance controls and risk management systems. The Head of Finance provide the Audit Committee with a certificate of compliance confirming compliance with all applicable statutory and regulatory requirements on a quarterly basis.

### ■ Risk Management, Compliance & Control

The Company has established and implemented an Enterprise Risk Management system for identifying, assessing, monitoring and managing material risk throughout the organization, which includes:

- a) Oversight of the risk management system.
- b) Examination of the Company's risk profile which contains a description of the material risks facing the Company including financial and non-financial matters.
- c) Assessment of compliance and control.
  - Assessment of effectiveness - mechanism to review, at least annually, the effectiveness of the Company's implementation of the risk management system.

### ■ Internal Audit

During the financial year internal audits were conducted as and when necessary, by BDO Partners which is independent of management. The Internal Auditors have access to management and the authority to seek information, records, properties and personnel relevant to the subject of audit review. Once an audit review is completed, a report is submitted to the Audit Committee.

To ensure independence, objectivity and enhance performance of the internal audit function, a direct reporting line has been created from the internal audit function to the Audit Committee.

## 5. Responsible Decision Making

The Code of Business Ethics and Employee Code of Conduct actively promotes ethical and responsible decision-making and endeavours to influence and guide the directors, employees and other stakeholders of the practices necessary

to maintain confidence and to demonstrate the commitment to ethical practices.

## 6. Respect for the Rights of Shareholders

The Company is committed to having regular, proactive and effective communication with the investors and shareholders. The Company respects the rights of the shareholders and seeks to empower them by communicating effectively and providing ready access to balanced information about the Company.

### ■ Communication with Shareholders

The Company communicates with the shareholders through the following means of communication:-

#### a) Annual General Meeting (AGM)

The AGM is the main event for the shareholders to meet with the Board which allows reasonable opportunity for informed shareholders to communicate their views on various matters affecting the Company and the forthcoming AGM will be used to effectively communicate with shareholders. The AGM is also attended by the Management and External Auditors.

#### b) Announcements to the Colombo Stock Exchange (CSE)

Announcements of quarterly interim financial results and announcements on corporate actions are disclosed to the CSE in a prompt and timely manner in compliance with the Listing Rules of the CSE.

### ■ Investor Relations

The Group Investor Relations (IR) Team proactively disseminates relevant information about the Company to the investor community, specifically the institutional fund managers and analysts. The IR team maintains close contact with the investor community through regular one-on-one meetings, teleconferences, emails etc. to ensure that the strategies, operational activities and financial performance are well understood and that such information is made available to them in a timely manner.

### ■ Major Transactions

There were no transactions during the financial year deemed as a "major transaction" as defined by the Companies Act No. 7 of 2007.

## RISK MANAGEMENT

In an ever-changing and unpredictable business environment, a well-defined risk management framework is crucial for identifying, anticipating, and effectively managing risks while optimising value for shareholders and other stakeholders. It is essential to minimize the adverse effects of risks and strike a balance between risk and return to earn the trust of all stakeholders and enhance the long-term sustainable value of the Company.

During the year, the risk landscape presented new complexities stemming from ongoing economic, political, social, and human challenges. The Group Risk and Control team promptly analyzed the various challenges encountered, devised a comprehensive plan, and responded proactively by providing timely recommendations on whether the identified risks could be transferred, accepted, reduced or avoided.

### Enterprise Risk Management

An integral component embedded within the entire framework is the Colombo City Holding Group's (referred to as "The Group") Enterprise Risk Management (ERM) system called 'CAMMS ERM.' This internationally recognized and online automated risk management solution has been effectively deployed within the Group. Its implementation has facilitated the adoption of essential practices and processes that are vital for the successful execution of our Integrated Risk Management (IRM) approach.

The CAMMS ERM solution operates on a framework that aligns with the COSO Enterprise Risk Management Framework and adheres to the ISO 31000 (2008) International Risk Management Standards. Since its implementation in 2017, this solution has enabled the Group to adopt an efficient and methodical approach to risk management.

### Strategic and Operational Risks

CAMMS ERM plays a crucial role in identifying and categorizing risks within the Group, segregating them into strategic, operational and project-related risks. This classification allows the Board of Directors to implement precautionary mitigation plans specifically for strategic risks.

Operational risks encompass those that arise from routine operations. These risks and their sources are typically associated with internal physical resources. According to the Group's IRM Framework, senior management holds the responsibility of identifying such operational risks and developing strategies to mitigate them or bring them within acceptable risk tolerance parameters.

Both operational and strategic risks are regularly updated in the online CAMMS ERM risk register. The management team and the Audit Committee quarterly review this register to ensure its accuracy and relevance.

### Internal Audits

Throughout the year, multiple audits were conducted by the internal auditors with the objective of identifying risks and formulating effective risk mitigation strategies. Regular meetings were held with internal auditors to identify any deficiencies within the risk control mechanisms. These meetings served as a platform for devising appropriate measures to strengthen the internal control environment and enhance the Group's risk management framework.

### Risk Management Structure

The Board takes a bottom-up approach, the broader oversight of the entire risk management process remains with the Board. The Board escalates significant matters to the Board of the parent company (Ambeon Holdings PLC) and eventually to the Board of the ultimate parent company (Ambeon Capital PLC) through the Audit Committees. This ensures that important risk-related issues are appropriately addressed and monitored at the highest level of governance within the organization, and the Group itself.



### The Board of Directors

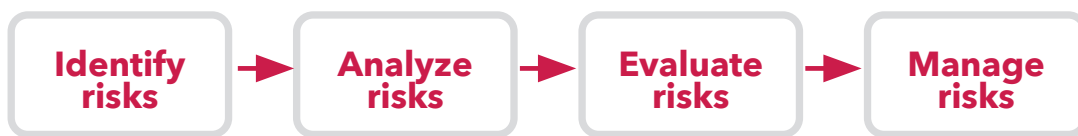
The Board of Directors retains the overarching responsibility for overseeing the ERM process. They are tasked with managing the risk framework, authorizing control mechanisms, and implementing policies to effectively execute risk mitigation strategies. Additionally, they serve as the primary authority in guaranteeing that the Group disseminates risk management strategies and raises awareness among employees.

### Audit Committee

With regards to risk management, the Audit Committee primarily focuses on evaluating the sufficiency and effectiveness of the implemented risk management processes to identify, prevent, and minimize exposure to risks.

Acting on behalf of the Board of Directors and carrying out delegated duties, the Audit Committee conducts regular assessments of the Group’s risk profiles. They also review reports related to operational, strategic, and project-specific risks, engaging in in-depth discussions regarding key risks and mitigation plans. After a thorough review and discussion, these matters are presented to the Group Audit Committee for their recommendations and guidance, and subsequently, if deemed necessary, to the main Board.

### Risk Management Process



Equipped with a proficient and comprehensive risk management system that is aligned with the overall strategic objectives, the online risk management framework presents a clear and thoroughly evaluated perspective of risks that are currently affecting the Group or possess the potential to impact operations in the future.

The system automatically generates rankings or assessments of potential risk exposures based on their likelihood of occurrence and the level of impact they may have. Powered by CAMMS ERM, the Integrated Risk Management (IRM) system facilitates the identification of risks and enables the Group to determine their impact from exposure.

The process of risk management, encompassing identification, analysis, evaluation, and mitigation of risks, is constantly monitored and reviewed by the system. This ensures that appropriate controls are implemented to effectively manage and mitigate foreseeable events and responses to risks. Crucially, the system’s purpose lies in integrating risk management with organizational plans, performance measurement frameworks, and key business processes.

### Risk Management Strategies

The Group’s risk management framework has identified and established strategies in mitigating the below risks.

Description of Risk	Mitigation Strategies
Credit risk	<ul style="list-style-type: none"> <li>Assess credit worthiness of tenants prior to signing lease agreements</li> <li>Obtain refundable deposit as an additional security alongside a rental advance to maintain a buffer against arrears.</li> <li>Follow up on long outstanding debtors, assessing whether dues exceed the deposit / rental advance, while recovery actions are backed by our in-house legal division</li> </ul>
Interest Rate Risk	<ul style="list-style-type: none"> <li>Monitor the movement of interest rates by the management investment committee.</li> <li>Maintain a healthy balance between short term to long term investments of varying returns.</li> <li>Evaluate the current investments with objective of evaluating risks and returns.</li> </ul>
Liquidity Risk	<ul style="list-style-type: none"> <li>Monitor the cash position and strategically allocate future cash outflows based on expected cash inflows and existing cash position</li> <li>Maintain strong relationships with banks and other financial institutions</li> </ul>



Description of Risk	Mitigation Strategies
Market Risk	<ul style="list-style-type: none"> <li>Conduct periodic market research on the new developments in the industry. However, the Company does not face a direct threat in terms of competitiveness as the property owned by CCH through Lexinton Holdings is rented to Ambeon Group.</li> </ul>
Legal and Compliance Risk	<ul style="list-style-type: none"> <li>Review changes in laws and regulations applicable to the Group periodically to assess their relevance and impact</li> <li>Conduct compliance audits and findings are reported to the Board with remedial actions.</li> </ul>

## Risk Environment

The capacity to effectively address unexpected risks and respond promptly with suitable strategies has been a crucial determinant of success, particularly during the reviewed period. The Group successfully navigated the challenges posed by the macroeconomic landscape by taking decisive and proactive measures. This achievement was largely attributed to the Group's capability to promptly identify, assess and then evaluate risks emerging from the operating environment.

## Compliance

Compliance holds a central position in both the Group's Integrated Risk Management (IRM) framework and corporate governance structure. To mitigate or eradicate risks arising from non-compliance with laws and regulations, we prioritize adherence to legal standards, governance ordinances, and regulations, including any updates or revisions to existing frameworks. This commitment ensures the continuity and prosperity of operations throughout the Group.

We foster a culture of compliance throughout the Group, integrating compliance requirements into our operational processes systematically. We place emphasis on maintaining professional conduct, ethical behaviour, and unwavering integrity among our employees at all times.

## REPORT OF THE AUDIT COMMITTEE

I take this opportunity to present to you the Report of the Audit Committee (the "Committee") for the year ended 31st March 2023 outlining the Committee's roles and responsibilities. The Committee continued to review and report to the Board on the Company's financial reporting, internal control and risk management processes, and the performance, independence and effectiveness of the External Auditors.

### Composition

The Committee consisted of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The members of the Board Audit Committee are:

**Mr. Yudhishtan Kanagasabai** - Chairman;

**Mr. A G Weerasinghe** (retired on 27 September 2022);

**Mr. A W Atukorala**; and

**Mr. D R Abeyesuriya**.

The Chairman of the Committee is a Fellow of the Institute of Chartered Accountants of Sri Lanka and a former Territory Senior Partner of PricewaterhouseCoopers, Sri Lanka and the Maldives. The Board is satisfied that the Committee has an adequate blend of accounting, auditing and commercial and commercial experience to carry out their duties. Brief profiles of the members are given in pages 4 to 5 of this Report.

The Company Secretary serves as the Secretary to the Committee.

### Meetings

The Audit Committee met four times during the financial year which consisted of a combination of physical and virtual meetings.

Name of the Director	Attendance at Meetings
Mr. Y Kanagasabai	4/4
Mr. A G Weerasinghe (retired on 27 September 2022)	2/2
Mr. A W Atukorala	4/4
Mr. D R Abeyesuriya	4/4

The other members of the Executive Committee and External Auditors attended the meetings by invitation.

### Terms of Reference

The Charter of the Committee, which is approved and adopted by the Board of Directors, clearly defines the terms of reference governing the Committee. The 'Rules on Corporate Governance under Listing Rules of the Colombo Stock Exchange and 'Code of Best Practice on Corporate Governance', issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, further regulate the composition, role and functions of the Committee. It also assists the Board of Directors in its general oversight of financial reporting, internal controls and functions relating to internal and external audit.

### THE ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committee, which has specific terms of reference, is described in the corporate governance report on page 11. The Committee's role is to review on behalf of the Board, the Company's internal financial controls. It is also responsible for oversight and advice to the Board on financial reporting related matters and internal controls over financial reporting and has overseen the work undertaken by the Group's Internal Audit and External Auditors.

### KEY RESPONSIBILITIES OF THE BOARD AUDIT COMMITTEE

#### Financial Reporting:

The primary role of the Committee in relation to financial reporting is to monitor the integrity of the Company's financial statements and formal announcements, if any, relating to the Company financial performance. The Committee reviewed and discussed the Company's quarterly and annual financial statements prior to publication. The Committee also reviewed matters communicated to the Committee by the External Auditors in their reports to the Audit Committee on the audit for the year. The scope of the review included ascertaining compliance with relevant disclosures with the Sri Lanka Accounting Standards, including new Accounting Standards which came into effect during the year, the appropriateness of accounting policies, material judgement matters, alternative accounting treatments, material audit adjustments, going concern assumption, financial reporting controls and compliance with applicable laws and regulations that could impact the integrity of the Company's financial statements, its annual report and its quarterly financial statements prepared for publication.

**Internal Control:**

The Directors are responsible for maintaining and reviewing the effectiveness of risk management and internal control systems, and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Committee has noted the findings from the compliance reviews, their root causes and management responses, and status of implementing remediation. This process assesses the adequacy and effectiveness of the internal controls and the processes for controlling business risks to ensure compliance with laws and regulations.

**Internal Audit:**

The establishment and maintenance of appropriate systems of risk management and internal control is primarily the responsibility of the Management. The Group Internal Audit function provides independent and objective assurance in respect of the adequacy of the design and operating effectiveness of the framework of risk management, control and governance processes across the Group, focusing on the areas of greatest risk.

Executive Management is responsible for ensuring that recommendations made by the Groups' Internal Audit function are implemented within an appropriate and agreed timetable.

**External Audit:**

The External Auditor's Letter of Engagement, including the scope of the audit, was reviewed and discussed with the External Auditors and Management prior to commencement of the audit. The Auditors were also provided with the opportunities to discuss and express their opinions on any matter, and for the Committee to have the assurance that the Management has fully provided all information and explanations requested by the Auditors. The Committee reviewed opportunities for improvement, which were observed during the audit and the Letter of Representation issued to the

External Auditor to ensure that the representations made were consistent with the understanding of the Committee, as to the Company's operations and plans. The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. The Committee has recommended to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants, be reappointed for the financial year ending 31 March 2024, subject to the approval of shareholders at the next Annual General Meeting.

**CONCLUSION**

The Committee is satisfied that the Company's internal controls, risk management processes and accounting policies provide reasonable assurance, that the affairs of the Company are managed in accordance with Company policies, and that Company assets are properly accounted for and adequately safeguarded. The Committee believes that the Company's accounting policies are appropriate and have been applied consistently.

Sgd.

**Yudhishtan Kanagasabai**

Chairman

Audit Committee

28 August 2023

## REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The purpose of the Related Party Transactions Review Committee (the Committee) is to assist the Board in meeting its oversight responsibilities to ensure that the interests of the shareholders as a whole are taken into account when entering into related party transactions (RPTs) and to prevent Directors, Key Management Personnel or substantial shareholders taking advantage of their positions.

### Composition

The Committee consists of three members with a combination of Independent Non-Executive Directors and Non-Independent, Non-Executive Directors. The members of the Committee are;

#### Mr. A W Atukorala

Chairman/Independent Non-Executive Director

#### Mr. D R Abeyesuriya

Member/Independent Non-Executive Director

#### Mr. A G Weerasinghe

Member/Non-Executive Director  
(retired on 27 September 2022)

#### Mr. Y Kanagasabai

Member/Non-Executive Director (appointed on 22 May 2023)

The above composition is in compliance with the provisions of the Listing Rules of the Colombo Stock Exchange. Brief profiles of the members are given on pages 5 to 6 of the Annual Report.

### Charter of the Related Party Transactions Review Committee

The Charter of the Related Party Transactions Review Committee clearly sets out the purpose, membership, authority and the duties and responsibilities of the Committee. In order to discharge the duties and responsibilities effectively and efficiently, the Committee has been authorized to;

- Receive regular reports from the management and be provided with any information it requires relating to its responsibilities.
- Establish policies and procedures that provide general pre-approvals to certain types of related party transactions.
- Review and evaluate the terms, conditions, and the

advisability of any related party transaction.

- Determine whether the relevant related party transaction is fair, and in the best interest of the Company and its shareholders as a whole.
- Recommend to the Board what action, if any, is required to be taken by the Board with respect to any related party transaction.
- Obtain advice and assistance from legal, technical, financial and other advisors from within or outside the Company as deemed necessary by the Committee in order to carry out its duties.

### Meetings

The Committee meets quarterly with a view to discharging its duties. Where necessary approval was obtained for urgent related party transactions via a resolution in writing which contained several documents in a like form, each signed and assented to by the members who were entitled to receive notice of a related party transactions review committee meeting. A total of five (05) meetings were held during the financial year. Attendance by the Committee Members at each of these meetings are given below.

Name of the Director	Attendance at Meetings
Mr. A G Weerasinghe (retired on 27 September 2022)	2/2
Mr. A W Atukorala	5/5
Mr. D R Abeyesuriya	5/5

The other members of the Executive Committee attended all Related Party Transactions Review Committee Meetings by invitation.

### Policies & Procedures

Declarations are obtained from each Director/Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations the related party transactions are identified from information maintained with the Company.

All forecasted recurrent RPTs are submitted by Management on a quarterly basis to the Committee for consideration and review. Non-recurrent RPTs are also reviewed and approved by the Committee prior to the transaction being entered

into or if the transaction is expressed to be conditional on such review, prior to the completion of the transaction and the recommendation communicated to the Board for consideration.

The Committee is satisfied that all RPTs have been reviewed by the Committee during the financial year and have communicated their observations to the Board. The details of related party transactions entered into during the financial year are given on Note 29 to the Financial Statements, on pages 63 to 65 of this Annual Report.

### **Declaration**

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the report of the Board of Directors on pages 23 of this Annual Report.

Sgd.

**A W Athukorala**

Chairman

Related Party Transactions Review Committee

28 August 2023

## REPORT OF THE REMUNERATION COMMITTEE

### Composition

The Remuneration Committee, appointed by and responsible to the Board of Directors, comprises two Independent Non-Executive Directors as given below.

Mr. D R Abeyseriya - Member/Independent Non-Executive Director

Mr. A G Weerasinghe - Chairman/Non-Executive Director (retired 27 September 2022)

Mr. A W Atukorala - Member/Independent Non-Executive Director

### Policy

The remuneration policy of the Company is designed to attract, motivate and retain staff with the appropriate professional, managerial and operational expertise to achieve the objectives of the company.

### Scope

The scope and responsibility of the remuneration committee include;

- To consider internal as well as external remuneration factors and to ensure that the remuneration policy of the company recognizes and addresses the short and long-term needs of the organization in relation to performance, talent retention and reward.
- To recommend to the Board a competitive remuneration and reward structure which is linked to performance.

- To decide on the remuneration packages of Key Management Personnel.
- To evaluate the performance of the Key Management Personnel, management development plans and succession planning.
- To approve annual salary increments, bonuses, changes on perquisites and incentives.

### Remuneration

All Non-Executive Directors receive a fee reflecting the time, commitment and responsibility of their role and is based on industry and market surveys. They do not receive any performance or incentive payments.

### Meetings

The Committee meets at least once a year with a view to discharging its duties. However, due to the economic situation which prevailed during the year, in the country, the need did not arise for the Committee to meet.

### Professional advice

The committee has the authority to seek external independent professional advice on matters within the purview of the committee and to invite professional advisors with relevant experience to assist in various duties.

Sgd.

**Ravi Abeyseriya**

Chairman

Remuneration Committee

28 August 2023

# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors of Colombo City Holdings PLC takes pleasure in presenting their Report on the Affairs of the Company together with the Financial Statements for the year ended 31 March 2023, conforming to the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The report also includes certain disclosures required to be made under Listing Rules of the Colombo Stock Exchange and are guided by the recommended best practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange.

## Corporate Profile

Colombo City Holdings PLC is a public quoted company with limited liability incorporated on 04 April 1913, re-registered under the Companies Act No. 07 of 2007 on 13 August 2007 and bears registration number PQ71.

## Principal Activities of the Company and review of performance during the year

The principal activity of the company is to operate as an Investment Holding and Management Company in Real Estate.

## Financial Statements

The Financial Statements of the Company for the year ended 31 March 2023 are given on Page Nos. 28 to 68 of this Annual Report.

## Summarized Financial Statements

Group	31 March	31 March
	2023	2022
	LKR	LKR
Revenue	88,206,302	38,466,551
Profit/(Loss) for the Period	86,079,044	32,614,806

## Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company and its subsidiary is given on pages 25 to 27.

## Accounting Policies and Changes

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 33 to 42 as required by Section 168 (1) (d) of the Companies Act.

## Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the

Financial Statements of the Company and the Group which reflect a true and fair view of the financial position and the performance of the Company and the Group.

## Board of Directors

The names of the Directors who held office during the financial year and as at date are given below;

Mr. D R Abeyesuriya (Chairman) - Independent Non-Executive Director

Mr. A W Atukorala - Independent Non-Executive Director

Mr. C S Devasurendra - Non-Independent, Non-Executive Director

Dr. K S Narangoda - Executive Director

Mr. Y Kanagasabai - Non-Executive Director

Mr. A G Weerasinghe - Non-Executive Director (retired on 27 September 2022)

The present Directors of the Company and their profiles are shown on page 05 to 06 of the Annual Report.

## Re-election/Re-appointment and Retirement of Directors

In accordance with the provisions of Article 24 (vi) of the Articles of Association, Dr. K. S. Narangoda retires by rotation and being eligible offers himself for re-election with the unanimous support of the Board.

In terms of Section 210 of the Companies Act No. 07 of 2007, Mr. A W Atukorala, who has reached the age of 70 vacates his office, at the conclusion of the Annual General Meeting. In compliance with Section 211 of the Companies Act No. 7 of 2007, a resolution will be tabled for the re-appointment of Mr. A W Atukorala with the unanimous support of the Board.

## Board Sub Committees

The Board, while assuming overall responsibility and accountability for the management of the Company, has appointed three Board Sub-Committees; Audit Committee, Related Party Transactions Review Committee and the Remuneration Committee, to ensure oversight and control over certain affairs of the Company.

The Board approved Terms of References of these Sub Committees conform to the recommendations made by various regulatory bodies such as the Institute of Chartered Accountants of Sri Lanka, The Securities and Exchange

Commission of Sri Lanka and the Colombo Stock Exchange.

## Interests Register

### Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in note 29 to the Financial Statements on pages 63 to 65.

### Directors' Remuneration

The Directors' Remuneration is disclosed in note 29 to the Financial Statements on pages 63 to 65.

### Directors' Interest in Shares

The Directors of the Company who have an interest in the shares of the Company have disclosed their shareholdings in compliance with Section 200 of the Companies Act No. 07 of 2007.

## Corporate Governance

The Board is committed to maintaining high standards of governance, the process by which the Company is directed and managed. Risks are identified and controlled, and effective accountability assured. The Board of Directors is of the view that it has put in place the resources and processes to ensure that the Company is substantially compliant with the code of best practices on corporate governance issued by Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange. The Corporate Governance Report is given on pages 9 to 12 of the Annual Report.

## Risk Management and Internal Controls

The Board of Directors, through the involvement of the internal audit, have taken steps to ensure and have obtained reasonable assurance, that an effective and comprehensive system of internal controls are in place that cover the financial, operational and compliance controls required to carry on the business in an orderly manner, safeguarding the Company's and Group's assets and secure, as far as possible, the accuracy and reliability of the financial records.

The Board is satisfied with the effectiveness of the system of internal controls that were in place during the year under review.

## Donations

The Company and the Group haven't made any donations during the year under review.

## Taxation

The Company's liability to taxation has been computed according to the provisions of the Inland Revenue Act. No. 10 of 2006 and subsequent amendments thereto and details are given in note 22 to the Financial Statements on page 59 to 60.

## Property, Plant and Equipment

Capital expenditure during the year under review on Property, Plant and Equipment by the Group was LKR 124,200/-.

Fair Value of the investment property of the Group is LKR 965,000,000/- and disclosed under Investment Property note 9 to the Financial Statements on pages 50 to 51.

Extents, locations, number of buildings and the valuation of the properties of the Group are given in note 9.1 to the Financial Statements on pages 50 and 51

All freehold land of the Group was revalued by professionally independent valuers and brought into the Financial Statements. The investment properties are accounted using fair value method.

Details of fair values of investment properties are given on note 9 to the Financial Statements.

## Employment

The Company's strength of manpower as at 31 March 2023 is four (04).

There were no material issues pertaining to employees and industrial relations during the year under review.

## Employee Share Ownership plans

The Company did not have any employee share ownership/ option plans during the year.

## Stated Capital

The stated capital of the Company as at 31 March 2023 was LKR 11,137,505/- represented by 1,272,857 fully paid Ordinary Shares.

## Share Information

There were 1,096 registered shareholders as at 31 March 2023.

## Distribution Schedule of Shareholders

The distribution of shareholdings is shown on pages 69 to 70 of the Annual Report.



### Information on Ratios and Market Price Information

Disclosures under section 7.6 (xi) of the Listing Rules of the Colombo Stock Exchange is indicated on pages 1 to 69.

### Substantial Shareholdings and Other Share Information

The names of the twenty largest Shareholders, the number of shares held, and the percentages are given on pages 70 of the Annual Report.

Disclosures required under section 7.6 (iv) of the Listing Rules of the Colombo Stock Exchange is indicated on pages 69 of the Annual Report.

### Equitable Treatment of Shareholders

The Company has made all endeavours to ensure that all shareholders are treated equitably.

### Related Party Transactions

The Directors declare that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31 March 2023.

### Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due in relation to employees and the Government have been made promptly up to date.

### Events Occurring after the Balance Sheet date

No circumstances have arisen since the balance sheet date which would require adjustments to or disclosure in the accounts as disclosed in the note 30 to the Financial Statements.

### Going Concern

The Board is satisfied that the company will have adequate resources to continue its operations into the foreseeable future. Therefore, the Company has continued to adopt the going concern basis in preparing the Financial Statements.

### Independent Auditors' Report, Remuneration and Appointment

The Financial Statements of the Company for the twelve months ended 31 March 2023 have been audited by M/s. Ernst & Young, Chartered Accountants and the Independent Auditors' Report thereon is given on page 27 to 29 of the Annual Report as required by the Section 168 (1) (c) of the Companies Act No. 07 of 2007.

A sum of LKR 396,000/- was paid to them as audit fee during the period under review. Based on the declaration from M/s. Ernst & Young, Chartered Accountants and as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company other than that disclosed herein.

In accordance with the Companies Act No. 07 of 2007 a resolution proposing the re-appointment of M/s Ernst & Young, Chartered Accountants as Auditors to the Company will be tabled at the forthcoming Annual General Meeting of the Company.

### Annual General Meeting

The Annual General Meeting of the company will be held on 20 September 2023. The notice of the Annual General Meeting appears on page 72.

### Acknowledgement of the contents of the Annual Report

As required by the Companies Act No. 07 of 2007, the Board of Directors hereby acknowledge the contents of this Annual Report.

This Annual Report is signed for and on behalf of the Board of Directors

Sgd.  
**D R Abey Suriya**  
Chairman

Sgd.  
**Dr. K S Narangoda**  
Director

Sgd.  
**Nexia Corporate Consultants (Private) Limited**  
Secretaries

28 August 2023

## STATEMENT OF DIRECTORS' RESPONSIBILITY

The following statement which should be read in conjunction with the Auditor's statement of responsibilities has been made with a view to distinguish between the respective responsibilities of the Directors and the Auditors in relation to the financial statements.

Section 150, 152 (1) and 153 (1) of the Companies Act No. 07 of 2007 requires that the Directors prepare the financial statements and circulate it among the shareholders. These financial statements comprise a Statement of Comprehensive Income, which presents a true and fair view of the profit or loss of the Company for its financial year as well as a Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of its financial year.

As the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future, the financial statements continue to be prepared on a going concern basis.

In preparing the Financial Statements as disclosed on pages 28 to 68, the Directors consider that the Company and its subsidiaries have used appropriate accounting policies that have been applied consistently and supported by reasonable and prudent judgment and estimates, while all accounting standards considered to be applicable and relevant have been followed.

The Directors are responsible for ensuring that the Company and its subsidiaries maintain accounting records which disclose with reasonable accuracy, the financial position of the Company and its subsidiaries while complying with the provisions of the Companies Act No. 07 of 2007.

The Directors have a general responsibility to take reasonable steps in safeguarding the assets of the Company and its subsidiaries, provide proper consideration towards the establishment of appropriate internal control systems with a view to detecting and preventing frauds and other irregularities.

### Compliance Report

The Directors confirm to the best of their knowledge that all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, all other known statutory dues which were due and payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for in arriving at the financial results for the year under review.

By order of the Board of

Sgd.

**Nexia Corporate Consultants (Pvt) Ltd**

Secretaries

28 August 2023

# INDEPENDENT AUDITORS' REPORT



Ernst & Young  
Chartered Accountants  
201, De Saram Place  
P.O. Box 101  
Colombo 10, Sri Lanka

Tel: +94 11 246 3500  
Fax (Gen): +94 11 269 7369  
Fax (Tax): +94 11 557 8180  
Email: eysl@lk.ey.com  
ey.com

## TO THE SHAREHOLDERS OF COLOMBO CITY HOLDINGS PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Colombo City Holdings PLC (the "Company"), and the consolidated Financial Statements of the company and its subsidiary (the "Group") which comprise the statement of financial position as at 31 March 2023 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuS). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are

independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### Key audit matter

##### Assessment of fair valuation of investment property

Investment Property includes land and buildings carried at fair value as detailed in notes 2.9.10 and 09.

This was a key audit matter due to:

- Materiality of the reported land and buildings balances which amounted to LKR 965Mn and represent 42% of the total assets.
- The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings.

Key areas of significant judgments, estimates and assumptions used in the valuation of the land and buildings included the following:

- Estimate of per perch value of the Land
- Estimate of the per square foot value of the buildings

#### How our audit addressed the key audit matter

Our audit procedures focused on the valuations performed by the external valuer engaged by the Group, and included the following:

- Assessed the competency, capability and objectivity of the external valuer engaged by the Group
- Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each land and building

Assessed the reasonableness of the significant judgements made by the valuer and valuation techniques, per perch price and value per square foot used by the valuer in the valuation of each land and building

We have also assessed the adequacy of the disclosures made in note 9 to the financial statements relating to the significant judgements, valuation techniques and estimates used by the external valuer.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. K R M Fernando FCA ACMA, Ms. P V K N Sajeevani FCA, A A J R Perera ACA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhiveli B.Com (Sp)

A member firm of Ernst & Young Global Limited



## Other information included in the 2023 Annual Report

Other information consists of the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. The Management is responsible for the other information. Other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance in the financial statement

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee

that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction,



supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1697.

A handwritten signature in black ink, appearing to be 'M. R. S.', is located below the text.

28 August 2023  
Colombo

## STATEMENT OF PROFIT OR LOSS

Year Ended 31 March 2023

Year Ended 31 March	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
<b>Revenue</b>	4	<b>88,206,302</b>	38,466,551	-	2,255,500
Direct Operating Expenses		(3,429,513)	(2,753,250)	-	(472,328)
<b>Gross Profit</b>		<b>84,776,789</b>	<b>35,713,301</b>	-	<b>1,783,172</b>
Change in Fair Value of Investment Property	9	46,500,000	12,500,000	-	-
Change in Fair Value of Investments		(59,948,416)	(75,300,093)	(59,971,373)	(75,307,440)
Change in Fair Value of Investment In Subsidiary	8	-	-	33,663,723	31,208,967
Capital Loss on Disposal of Government Securities		(11,045,521)	-	(11,045,521)	-
Other Income	19	12,423,102	38,219,094	4,352,114	38,218,695
Administrative Expenses		(33,869,703)	(38,116,016)	(27,161,323)	(35,569,134)
Loss on disposal of Assets Held for Sale		-	(73,364)	-	(73,364)
Finance Income	20	209,933,862	89,527,418	209,204,716	88,904,108
Finance Cost	21	(16,119,649)	(2,632,084)	(8,128,232)	(2,332,501)
<b>Operating profit before taxes on financial services</b>		<b>232,650,464</b>	<b>59,838,256</b>	<b>140,914,104</b>	<b>46,832,503</b>
Value Added Taxes on Financial Services		(10,490,099)	(2,403,550)	-	-
<b>Profit Before income tax</b>	<b>23</b>	<b>222,160,364</b>	<b>57,434,706</b>	<b>140,914,104</b>	<b>46,832,503</b>
Income Tax Expense	22	(136,081,320)	(24,819,900)	(99,971,805)	(17,357,769)
<b>Profit for the Year</b>		<b>86,079,044</b>	<b>32,614,806</b>	<b>40,942,299</b>	<b>29,474,734</b>
<b>Earnings per Share</b>	24	<b>67.63</b>	25.62	<b>32.17</b>	23.16

The accounting policies and notes on pages 33 through 68 form an integral part of the Financial Statements.

## STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 March 2023

Year Ended 31 March	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
<b>Profit for the Year</b>		<b>86,079,044</b>	<b>32,614,806</b>	<b>40,942,299</b>	<b>29,474,734</b>
<b>Other Comprehensive Income</b>					
<b>Other comprehensive income not to be reclassified to income statement in subsequent periods (net of tax):</b>					
Actuarial Gain on Defined Benefit Plans	15	183,300	252,421	183,300	252,421
Income tax effect on Other Comprehensive Income	13	(54,987)	(60,581)	(54,987)	(60,581)
<b>Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods</b>		<b>128,313</b>	<b>191,840</b>	<b>128,313</b>	<b>191,840</b>
<b>Other Comprehensive Income/(Loss) for the Year, Net of Tax</b>		<b>128,313</b>	<b>191,840</b>	<b>128,313</b>	<b>191,840</b>
<b>Total Comprehensive Income for the Year, net of tax</b>		<b>86,207,357</b>	<b>32,806,646</b>	<b>41,070,612</b>	<b>29,666,574</b>

The accounting policies and notes on pages 33 through 68 form an integral part of the Financial Statements.

# STATEMENT OF FINANCIAL POSITION

Year Ended 31 March 2023

As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant & Equipment	5	911,590	1,528,101	12,351	16,796
Investment Property	9	965,000,000	300,500,000	-	-
Investment in Subsidiary	8	-	-	1,200,673,403	592,009,680
Non Current Financial Assets	10	45,222,773	90,445,546	45,222,773	90,445,546
Right of Use Assets	14	-	-	1,039,736	1,303,825
		<b>1,011,134,363</b>	<b>392,473,647</b>	<b>1,246,948,263</b>	<b>683,775,847</b>
<b>Current Assets</b>					
Trade and Other Receivables	6	742,070,602	743,577,931	392,707,357	455,003,962
Other Financial Investments	7	556,506,000	837,771,106	517,066,650	837,741,394
Income Tax Recoverable		4,754,481	4,554,513	-	-
Cash in Hand and at Bank	25	9,481,396	34,852,406	2,762,628	5,033,916
		<b>1,312,812,479</b>	<b>1,620,755,956</b>	<b>912,536,635</b>	<b>1,297,779,272</b>
<b>TOTAL ASSETS</b>		<b>2,323,946,842</b>	<b>2,013,229,603</b>	<b>2,159,484,898</b>	<b>1,981,555,119</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated Capital	11	11,137,505	11,137,505	11,137,505	11,137,505
Retained Earnings		2,010,654,917	1,924,447,560	1,947,703,921	1,906,633,309
<b>Total Equity</b>		<b>2,021,792,422</b>	<b>1,935,585,065</b>	<b>1,958,841,426</b>	<b>1,917,770,814</b>
<b>Non-Current Liabilities</b>					
Employee Benefit Liability	15	973,658	883,225	973,658	883,225
Deferred Tax Liability	13	116,779,073	24,953,477	62,892,365	17,476,282
Lease Liability	16	-	-	366,316	1,085,246
		<b>117,752,731</b>	<b>25,836,702</b>	<b>64,232,339</b>	<b>19,444,753</b>
<b>Current Liabilities</b>					
Trade and Other Payables	17	64,104,916	23,940,378	15,672,376	16,126,329
Lease Liability	16	-	-	441,984	345,765
Interest Bearing Loans and Borrowings	18	97,999,999	17,229,294	97,999,999	17,229,294
Income Tax Payable		22,296,774	10,638,164	22,296,774	10,638,164
		<b>184,401,690</b>	<b>51,807,836</b>	<b>136,411,133</b>	<b>44,339,552</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>2,323,946,842</b>	<b>2,013,229,603</b>	<b>2,159,484,898</b>	<b>1,981,555,119</b>

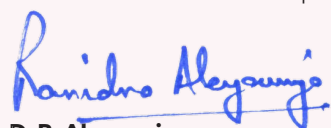
I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



**Anuradha Ranganath**

Head of Finance

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;



**D. R. Abeysuriya**

Chairman



**Dr. K. S. Narangoda**

Director

The accounting policies and notes on pages 33 through 68 form an integral part of the Financial Statements.

28<sup>th</sup> August 2023

Colombo



## STATEMENT OF CHANGES IN EQUITY

Year Ended 31 March 2023

Group	Note	Stated Capital	Retained Earnings	Total
		LKR	LKR	LKR
<b>Balance as at 01.04.2021</b>		<b>11,137,505</b>	<b>1,891,640,914</b>	<b>1,902,778,419</b>
Profit for the Year		-	32,614,806	32,614,806
Other Comprehensive Income		-	191,840	191,840
<b>Total Comprehensive Income</b>		<b>-</b>	<b>32,806,646</b>	<b>32,806,646</b>
Dividend Paid	12	-	-	-
<b>Balance as at 31.03.2022</b>		<b>11,137,505</b>	<b>1,924,447,560</b>	<b>1,935,585,065</b>
Profit for the Year		-	86,079,044	86,079,043
Other Comprehensive Income		-	128,313	128,313
<b>Total Comprehensive Income</b>		<b>-</b>	<b>86,207,356</b>	<b>86,207,356</b>
Dividend Paid	12	-	-	-
<b>Balance as at 31.03.2023</b>		<b>11,137,505</b>	<b>2,010,654,917</b>	<b>2,021,792,422</b>

Company		Stated Capital	Retained Earnings/ (Losses)	Total
		LKR	LKR	LKR
<b>Balance as at 01.04.2021</b>		<b>11,137,505</b>	<b>1,876,966,735</b>	<b>1,888,104,240</b>
Profit for the Year		-	29,474,734	29,474,734
Other Comprehensive Income		-	191,840	191,840
<b>Total Comprehensive Income</b>		<b>-</b>	<b>29,666,574</b>	<b>29,666,574</b>
<b>Balance as at 31.03.2022</b>		<b>11,137,505</b>	<b>1,906,633,309</b>	<b>1,917,770,814</b>
Profit for the Year		-	40,942,299	40,942,299
Other Comprehensive Income		-	128,313	128,313
<b>Total Comprehensive Income</b>		<b>-</b>	<b>41,070,612</b>	<b>41,070,612</b>
<b>Balance as at 31.03.2023</b>		<b>11,137,505</b>	<b>1,947,703,921</b>	<b>1,958,841,407</b>

The accounting policies and notes on pages 33 through 68 form an integral part of the Financial Statements.

# STATEMENT OF CASH FLOWS

Year Ended 31 March 2023

Year Ended 31 March	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
<b>Cash flows from operating activities</b>					
Profit Before Tax		222,160,364	57,434,706	140,914,104	46,832,503
<b>Adjustments for;</b>					
Depreciation	5	740,711	1,153,830	4,445	36,735
Change in Fair Value of Investment Property	9	(46,500,000)	(12,500,000)	-	-
Fair Value Gain on Investment In Subsidiary		-	-	(33,663,723)	(31,208,967)
Provision for Doubtful Receivables		-	7,821,411	-	7,821,411
Provision for Defined Benefit Plans		273,732	205,397	273,732	205,397
Dividend Income		(5,534,593)	(5,455,399)	(5,532,997)	(5,455,000)
Profit from Disposal of Financial Assets		-	-	11,045,521	-
Interest Income		(280,942,807)	(109,464,451)	(209,204,716)	(88,904,108)
Loss on Fixed Asset Disposal		1,180,883	173,753	-	173,753
Gain/Loss on Disposal of Shares		-	-	1,180,883	-
Change in Fair Value of Investments		59,948,416	75,300,093	59,971,373	75,307,440
Amortisation of Right of Use Assets		-	-	466,957	347,687
Finance cost	21	16,119,649	2,632,084	8,128,232	2,332,501
<b>Operating Profit/(Loss) Before Working Capital Adjustments</b>		<b>(32,553,644)</b>	<b>17,301,424</b>	<b>(26,416,189)</b>	<b>7,489,352</b>
<b>Changes in Working Capital</b>					
Decrease in Trade & Other Receivables		8,992,131	24,009,120	489,742	5,884,737
Increase/ (Decrease) in Trade & Other Payables		40,164,516	(3,285,296)	(453,934)	(3,130,475)
<b>Cash Generated/(Used) from Operating Activities</b>		<b>16,603,002</b>	<b>38,025,248</b>	<b>(26,380,381)</b>	<b>10,243,612</b>
Interest Paid		(16,119,649)	(4,244,232)	(7,986,057)	(4,244,232)
Income Tax Paid		(42,952,101)	(9,710,855)	(42,952,101)	(9,710,855)
Rental Paid	14	-	-	(967,771)	(434,982)
<b>Net Cash Flow used in Operating Activities</b>		<b>(42,468,748)</b>	<b>24,070,161</b>	<b>(78,286,310)</b>	<b>(4,146,457)</b>
<b>Cash Flows from Investing Activities</b>					
Acquisition/Disposal of Property, Plant & Equipments	5	(124,200)	(57,100)	-	500
Investment in Subsidiaries		(575,000,000)	575,000,000	(575,000,000)	575,000,000
Investments in Financial Assets		(563,535,925)	(314,020,518)	(563,535,925)	(314,020,518)
Proceeds from financial assets		88,879,249	96,699,278	88,879,249	96,699,278
Investments/Proceeds in Other Financial Assets		799,703,764	(334,363,985)	868,995,427	(334,363,985)
Dividend Received		5,534,593	5,455,399	5,069,974	5,455,000
Interest Received		180,869,554	99,168,542	170,835,591	98,545,222
<b>Net cash flows from (Used in) investing activities</b>		<b>(63,672,965)</b>	<b>127,881,616</b>	<b>(4,755,683)</b>	<b>127,315,498</b>
<b>Cash Flows from Financing Activities</b>					
Proceed from Interest Bearing Loans and Borrowings	18	97,999,999	366,225,000	97,999,999	366,225,000
Repayment of Loan Borrowings	18	(17,229,294)	(500,542,391)	(17,229,294)	(500,542,391)
Rental Paid		-	-	-	-
<b>Net cash Flows from (Used in) Financing Activities</b>		<b>80,770,705</b>	<b>(134,317,391)</b>	<b>80,770,705</b>	<b>(134,317,391)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents		(25,371,010)	17,634,386	(2,271,288)	(11,148,349)
Cash & Cash Equivalents at the Beginning of the Year		34,852,406	17,218,020	5,033,916	16,182,265
<b>Cash &amp; Cash Equivalents at the End of the Year</b>		<b>9,481,396</b>	<b>34,852,406</b>	<b>2,762,628</b>	<b>5,033,916</b>

The accounting policies and notes on pages 33 through 68 form an integral part of the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 01 » CORPORATE INFORMATION

### 1.1 Reporting Entity

Colombo City Holdings PLC, ("Company") is a Limited Liability Company Incorporated in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is located at No.10, 5th Floor, Gothami Road, Colombo 08.

### 1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2023, comprise "the Company" referring to Colombo City Holdings PLC as the holding Company and "the Group" referring to the companies whose accounts have been consolidated therein.

### 1.3 Parent Entity and Ultimate Parent Entity

In the opinion of the directors, the Company's parent entity is Ambeon Holdings PLC and the Company's ultimate parent is CHC Investments (Pvt) Ltd. Ambeon Holdings PLC and CHC Investments (Pvt) Ltd are companies incorporated and domiciled in Sri Lanka.

### 1.4 Approval of Financial Statements by Directors

The Financial Statements for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 28<sup>th</sup> August 2023

### 1.5 Principal Activities

#### Holding Company

The principal activity of the Company is engaging in Real Estate through renting out the Investment Property. Accordingly, the Company will continue to engage in Real Estate by purchasing, developing and selling of land.

#### Subsidiary - Lexinton Holdings (Pvt) Ltd

During the year, the principal activities of the Company were lending and maintaining of commercial property, leasing of dwelling flats.

#### Subsidiary - Lexinton Resorts (Pvt) Ltd

During the year, the principal activities of the Company was managing the real estate. On 08 August the company was acquired from Ambeon Capital PLC.

### 1.6 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statements of Directors' Responsibility report in the Annual report.

## 02 » BASIS OF PREPARATION

### 2.1 Basis of Measurement

The Consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention except for investment property and fair value through profit & loss investment that have been measured at fair value.

### 2.2 Statement of Compliance

The Consolidated Financial Statements which comprise the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows together with the Accounting Policies and Notes have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

### 2.3 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and being satisfied that it has the resources to continue in business for the foreseeable future, confirm that they do not intend either to liquidate or to cease operations of the Company.

Further, in determining the basis of preparing the financial statements for the year ended 31 March 2023, based on available information, the management has assessed the prevailing and anticipated effects of the current economic conditions on the group and the appropriateness of the use of the going concern basis.

It is the view of the management there are no material uncertainties that may cast significant doubt on the group's ability to continue to operate as going concern due to the

## NOTES TO THE FINANCIAL STATEMENTS

improved operating environment despite the ongoing effects of the current economic conditions and the operationalization of risk mitigation initiatives and continuous monitoring of business continuity and response plans along with the financial strength of the group. The management has formed a judgment that the group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements

### 2.4 Comparative Information

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

### 2.5 Presentation and Functional Currency

The Consolidated Financial Statements are presented in Sri Lanka Rupees, the Group's functional and presentation currency, which is the currency of the primary economic environment in which the Holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

### 2.6 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiary as at 31 March 2023. The Financial Statements of the subsidiary are prepared in compliance with the Group's accounting policies unless otherwise stated.

All intra-Group balances, income and expenses, unrealized gains and losses resulting from intra-Group transactions and dividends are eliminated in full.

### 2.7 Subsidiary

Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
  - Exposure, or rights, to variable returns from its involvement with the investee.
  - The ability to use its power over the investee to affect its returns.
- When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
  - Rights arising from other contractual arrangements; and
  - The Group's voting rights and potential voting rights.
- The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
- Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31 March 2023, using consistent accounting policies.
- a. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.
  - b. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
  - c. If the Group loses control over a subsidiary, it:
    - Derecognizes the assets (including goodwill) and liabilities of the subsidiary
    - Derecognizes the carrying amount of any non-controlling interest
    - Derecognizes the cumulative translation differences, recorded in equity
    - Recognizes the fair value of the consideration received
    - Recognizes the fair value of any investment retained

## NOTES TO THE FINANCIAL STATEMENTS

- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the statement of financial position.

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from parent's shareholders' equity.

The consolidated statement of cash flow includes the cash flows of the Company and its subsidiaries.

### 2.8 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements of the Group require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

#### Judgements

#### Estimates and Assumptions

##### Fair value of investment property

The Group measures its investment property at fair value, with changes in fair value being recognized in the income statement. The Group engaged an independent valuation specialist to determine fair value of investment property as at 31 March 2023.

The valuer has used valuation techniques such as Contractor's method and Investment method where there was lack of comparable market data available based on the nature of the Property.

The methods used to determine the fair value of the

investment properties and the Sensitivity of input to Fair value, are further explained in Note 09.

#### Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax that can be recognised based upon the likely timing and the levels of future taxable profits. More information regarding deferred tax assets is given in Note 13.

### 2.9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.9.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

##### a) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating nature.

##### b) Interest income

For all financial instruments measured at amortised cost and fair value through profit or loss and interest bearing financial assets classified as loans & receivables, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of Profit or Loss.

##### c) Others

Other income is recognised on an accrual basis.

#### 2.9.2 Expenditure recognition

Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement.

## NOTES TO THE FINANCIAL STATEMENTS

For the purpose of presentation of the income statement, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the Company and Group’s performance.

### 2.9.3 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognized on financial assets (other than trade receivables) that are recognized in the income statement.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

### 2.9.4 Foreign currency translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Group’s functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

### 2.9.5 Taxes

#### Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against, which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws), that have been enacted or substantively enacted at the date of reporting Statement of Financial Position. Deferred tax relating to items recognized directly in equity is recognized in Statement of Changes in Equity and not in the Statement of Comprehensive Income.

### 2.9.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a Qualifying asset is recognized in the Statement of Comprehensive Income.

### 2.9.7 Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.9.8 Financial Instruments - initial recognition and subsequent measurement

#### Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted financial instruments.

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

#### Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and short term investments.

#### Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

#### Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial

## NOTES TO THE FINANCIAL STATEMENTS

asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

### Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## a. Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

### Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

#### Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange



## NOTES TO THE FINANCIAL STATEMENTS

or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### d. Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### e. Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation models.

### 2.9.9 Property, Plant and Equipment

#### Basis of recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

#### Basis of measurement

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition

criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

### Derecognition

An item of property, plant and equipment are derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

### Depreciation

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, in order to write off such amounts over the estimated useful economic life of such assets.

### 2.9.10 Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise. Fair values are evaluated at frequent intervals by an accredited external, independent valuer.

Investment properties are derecognized when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property or inventory (WIP), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment

## NOTES TO THE FINANCIAL STATEMENTS

Property or inventory (WIP), the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### 2.9.11 Business combinations and goodwill

Acquisition of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of SLFRS 09 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of SLFRS 09, it is measured in accordance with the appropriate SLFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or

liabilities of the acquiree are assigned to those units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion the cash-generating unit retained.

### 2.9.12 Inventories

Inventories are valued at the lower of cost and net realizable value, after making do allowances for obsolete and slow-moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae:-

Real Estate - Land	-	At purchase cost
Other Cost	-	At cost directly identifiable

### 2.9.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.9.14 Retirement Benefit Obligations

#### (a) Defined Benefit Plan - Gratuity:

Gratuity is a defined benefit plan. The Group is liable to pay gratuity in terms of the relevant statute.

The Group measures the present value of the promised retirement benefit for gratuity, which is a defined benefit plan using the projected unit credit method (PUC) as required by LKAS No. 19, Employee Benefits.

The item is stated under Defined Benefit Liability in the Statement of Financial Position.

#### Recognition of Actuarial Gains and Losses

Any actuarial gains and losses arising are recognized immediately in Other Comprehensive Income.

#### Recognition of Interest Cost and Current Service Cost

Interest cost and current service cost are recognized immediately in Statement of Profit or Loss.

#### (b) Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The companies contribute the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

### 2.9.15 Lease Income

Lease income from operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Costs incurred in earning the lease income are recognised as an expense.

### 2.9.16 Segmental Information

The Group's internal organization and management is structured based on services which are similar in nature and process and where the risk and return are similar.

As such for management purposes, the Group is organized into engaging in Real Estate through renting out the Investment Property business unit based on their services and reported as one business segment.

### 2.9.17 Investment Property Held-for-Sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through

continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortized.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in Note 9. All other notes to the Financial Statements mainly include amounts for continuing operations, unless otherwise mentioned.

### 2.9.18 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration as per SLFRS 16 and recognize right of use assets and lease liability.

#### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### Right-of-use assets

The Company companies recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 14 and are subject to impairment in line with the Company's policy for Impairment of non-financial assets.

## NOTES TO THE FINANCIAL STATEMENTS

### Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that trigger the payment occurs.

### Determination of the lease term for lease contracts with renewal and termination options (Company as a lessee)

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgment in evaluating whether it is

reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

### Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments.

## 03 » | STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

### Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

### Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

## NOTES TO THE FINANCIAL STATEMENTS

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

### **Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2**

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

### **Classification of Liabilities as Current or Noncurrent - Amendments to LKAS 1**

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify -

What is meant by a right to defer settlement

That a right to defer must exist at the end of the reporting period

That classification is unaffected by the likelihood that an entity will exercise its deferral right

That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

### **Disclosures**

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

## NOTES TO THE FINANCIAL STATEMENTS

**04 » REVENUE**

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
<b>4.1 Summary</b>				
Rental Income from Investment Property	17,197,357	18,529,518	-	2,255,500
Finance Income	71,008,945	19,937,033	-	-
	<b>88,206,302</b>	<b>38,466,551</b>	<b>-</b>	<b>2,255,500</b>

**4.2 Segment Information****Group**

The Group engages only in the real estate and lending. There are no separate activities other than the real estate and lending segments in the Group.

**05 » PROPERTY, PLANT & EQUIPMENT****Group****5.1 Gross Carrying Amounts**

	Balance as at 01.04.2022	Additions	Transfers	Balance as at 31.03.2023
At Cost	LKR	LKR	LKR	LKR
<b>Description</b>				
Furniture & Fittings	3,336,942	-	-	3,336,942
Computer Equipment	905,400	-	-	905,400
Office & Electrical Equipment	2,074,943	-	-	2,074,943
Generator	2,327,155	-	-	2,327,155
Air Conditioner	4,324,251	124,200	-	4,448,451
Tools & Equipment	67,710	-	-	67,710
<b>Total Value of Depreciable Assets</b>	<b>13,036,401</b>	<b>124,200</b>	<b>-</b>	<b>13,160,601</b>

**Accumulated Depreciation and Impairment**

	Balance as at 01.04.2022	Depreciation for the year	Transfers	Balance as at 31.03.2023
At Cost	LKR	LKR	LKR	LKR
<b>Description</b>				
Furniture & Fittings	3,094,328	183,863	-	3,278,190
Computer Equipment	905,400	-	-	905,400
Office & Electrical Equipment	1,628,136	276,069	-	1,904,205
Generator	2,327,155	-	-	2,327,155
Air Conditioner	3,495,726	270,623	-	3,766,350
Tools & Equipment	57,554	10,157	-	67,710
<b>Total Depreciation</b>	<b>11,508,300</b>	<b>740,712</b>	<b>-</b>	<b>12,249,010</b>

## NOTES TO THE FINANCIAL STATEMENTS

## Net Book Values

	As at 31.03.2023	As at 31.03.2022
At Cost	LKR	LKR
<b>Description</b>		
Furniture & Fittings	58,751	242,614
Office & Electrical Equipment	170,738	446,806
Air Conditioner	682,101	828,525
Tools & Equipment	-	10,156
<b>Total Carrying Amount of Property, Plant and Equipment</b>	<b>911,590</b>	<b>1,528,100</b>

**5.1.1** During the financial year the Group acquired Property, Plant & Equipment to the aggregate value of LKR 124,200/- (2022 - LKR 57,600/-)

**5.1.2** Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of LKR 10,345,641/- (2022 - LKR 9,244,649)

## Company

## 5.2 Gross Carrying Amounts

	Balance as at 01.04.2022	Additions	Transfers	Balance as at 31.03.2023
At Cost	LKR	LKR	LKR	LKR
<b>Description</b>				
Furniture & Fittings	196,327	-	-	196,327
Computer Equipment	905,400	-	-	905,400
Office & Electrical Equipment	321,093	-	-	321,093
<b>Total Value of Depreciable Assets</b>	<b>1,422,820</b>	<b>-</b>	<b>-</b>	<b>1,422,820</b>

## Accumulated Depreciation and Impairment

	Balance as at 01.04.2022	Depreciation for the year	Transfers	Balance as at 31.03.2023
At Cost	LKR	LKR	LKR	LKR
<b>Description</b>				
Furniture & Fittings	196,327	-	-	196,327
Computer Equipment	905,400	-	-	905,400
Office & Electrical Equipment	304,297	4,445	-	308,742
<b>Total Depreciation</b>	<b>1,406,024</b>	<b>4,445</b>	<b>-</b>	<b>1,410,470</b>

## NOTES TO THE FINANCIAL STATEMENTS

## Net Book Values

	As at 31.03.2023	As at 31.03.2022
At Cost	LKR	LKR
<b>Description</b>		
Furniture & Fittings	-	-
Computer Equipment	-	-
Office & Electrical Equipment	12,351	16,796
<b>Total Carrying Amount of Property, Plant and Equipment</b>	<b>12,351</b>	<b>16,796</b>

**5.2.1** During the financial year the Company has not acquired Property, Plant & Equipment

**5.2.2** Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of LKR 1,101,727/- (2022 - LKR 1,679,120/-)

## 5.3 The Useful Lives of the Assets are Estimated as Follows

	Group		Company	
	2023	2022	2023	2022
Furniture & Fittings	8-10 Years	8-10 Years	8 Years	8 Years
Computer Equipment	4 Years	4 Years	4 Years	4 Years
Office & Electrical Equipment	5 - 6.6 Years	5 - 6.6 Years	6.6 Years	6.6 Years
Generator	5 Years	5 Years	-	-
Air Conditioner	4 Years	4 Years	-	-
Tools & Equipment	5 Years	5 Years	-	-

## 06 » | TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
<b>6.1 Summary</b>					
Trade Receivables - Related Parties	6.2	693	3,465,520	693	3,465,520
- Other		56,143	56,143	56,143	56,143
		<b>56,836</b>	<b>3,521,663</b>	<b>56,836</b>	<b>3,521,663</b>
Loan Receivables	6.3	723,920,159	719,900,185	389,030,311	454,302,002
Other Receivables - Related Parties	6.5	792,854	9,407,613	2,222,696	-
Advances, Prepayments and Other		25,424,735	22,337,279	3,271,496	2,519,106
Less: Provision for Impairment	6.4	(8,123,982)	(11,588,809)	(1,873,982)	(5,338,809)
		<b>742,070,602</b>	<b>743,577,931</b>	<b>392,707,357</b>	<b>455,003,962</b>



## NOTES TO THE FINANCIAL STATEMENTS

## 6.2 Trade Receivables - Related Parties

Relationship	Group		Company		
	2023	2022	2023	2022	
	LKR	LKR	LKR	LKR	
Ceylon Leather Products Limited	Group Company	-	3,464,827	-	3,464,827
Royal Fernwood Porcelain Ltd	Group Company	693	693	693	693
		<b>693</b>	<b>3,465,520</b>	<b>693</b>	<b>3,465,520</b>

Terms and conditions relating to related party receivables have been disclosed under Note 29.1.3.

## 6.3 Loan Receivables

## Group

Relationship	As at 01.04.2022	Reclassification /Loan granted	Loan Settled	Accrued Interest	As at 31.03.2023	
	LKR	LKR	LKR	LKR	LKR	
CHC Investments (Pvt) Ltd	Ultimate Parent	48,591,956	45,222,773	(3,369,183)	34,669,760	125,115,306
Ambeon Holdings PLC	Immediate Parent Company	405,710,046	-	(299,077,515)	59,300,330	165,932,860
Ambeon Capital PLC	Intermediate Parent	265,598,183	-	-	69,291,665	334,889,848
Sherwood Capital (Pvt) Ltd	Group company	-	98,000,000	(8,053,855)	8,036,000	97,982,145
		<b>719,900,185</b>	<b>143,222,773</b>	<b>(310,500,553)</b>	<b>171,297,755</b>	<b>723,920,159</b>

## Company

Relationship	As at 01.04.2022	Reclassification /Loan granted	Loan Settled	Accrued Interest	As at 31.03.2023	
	LKR	LKR	LKR	LKR	LKR	
CHC Investments (Pvt) Ltd	Ultimate Parent	48,591,956	45,222,773	(3,369,183)	34,669,760	125,115,306
Ambeon Holdings PLC	Immediate Parent Company	405,710,046	-	(299,077,515)	59,300,330	165,932,860
Sherwood Capital (Pvt) Ltd	Group company	-	98,000,000	(8,053,855)	8,036,000	97,982,145
		<b>454,302,002</b>	<b>143,222,773</b>	<b>(310,500,553)</b>	<b>102,006,090</b>	<b>389,030,311</b>

Terms and conditions related to Loan receivable have been disclosed under Note 10

## NOTES TO THE FINANCIAL STATEMENTS

## 6.4 Provision for Impairment

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
<b>Balance at the Beginning of the Year</b>	<b>11,588,809</b>	<b>6,982,099</b>	<b>5,338,809</b>	<b>732,099</b>
Write-off of Debtors	(3,464,827)	-	(3,464,827)	-
Charge for the Year	-	4,606,710	-	4,606,710
<b>Balance at the end of the year</b>	<b>8,123,982</b>	<b>11,588,809</b>	<b>1,873,982</b>	<b>5,338,809</b>

## 6.5 Other Receivables - Related Parties

		Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Lexinton Resorts (Pvt) Ltd	Group Company	-	3,095,842	2,222,696	-
Taprobane Capital Plus (Pvt) Ltd	Group Company	-	5,236,007	-	-
Ambeon Holdings PLC	Immediate Parent	30,251	896,097	-	-
Ceylon Leather Products Limited	Group Company	-	179,667	-	-
Dankotuwa Porcelain PLC	Group Company	598,758	-	-	-
Royal Fernwood Porcelain Ltd	Group Company	163,845	-	-	-
		<b>792,854</b>	<b>9,407,613</b>	<b>2,222,696</b>	<b>-</b>

## 07 » OTHER FINANCIAL INVESTMENTS

Financial Instrument	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
<b>7.1 Amortized Cost</b>					
Investments in Commercial Paper		41,387,373	-	41,387,373	-
Provision for Commercial Paper		(41,387,373)	-	(41,387,373)	-
Investments In Fixed Deposit		23,545,325	-	23,545,325	-
Investment In Treasury Bills		107,720,914	695,727,593	68,334,234	695,727,593
Investments In NDB Wealth		42,737,362	-	42,737,362	-
		<b>174,003,601</b>	<b>695,727,593</b>	<b>134,616,921</b>	<b>695,727,593</b>
<b>7.2 Fair Value Through Profits or Loss</b>					
Investment In Treasury Bonds		336,680,444	-	336,680,444	-
Quoted Equities at Market Value	7.3	45,821,955	142,043,513	45,769,285	142,013,801
		<b>556,506,000</b>	<b>837,771,106</b>	<b>517,066,650</b>	<b>837,741,394</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 7.3 Investments in Equity Securities - Quoted

Group	2023			2022		
	No. of Shares	Cost	Market Value	No. of Shares	Cost	Market Value
		LKR	LKR		LKR	LKR
<b>Fair Value through Profit or Loss</b>						
Aitken Spence PLC	399	88,785	52,269	399	88,785	29,406
Ambeon Capital PLC	45	-	401	45	-	306
Hayleys PLC	570,000	59,716,482	41,040,000	570,000	59,716,482	43,833,000
Melstacorp PLC	-	-	-	750,000	39,742,567	30,825,000
Printcare PLC	-	-	-	100,000	4,900,000	2,700,000
Access Engineering PLC	-	-	-	1,750,000	52,664,727	26,250,000
Resus Energy PLC	206,110	6,906,000	2,522,885	188,999	6,614,965	3,685,481
Expo Lanka PLC	-	-	-	150,000	49,545,500	31,162,500
Hela Apparel Holdings Limited	275,800	4,137,000	2,206,400	275,800	4,137,000	3,557,820
	<b>1,052,354</b>	<b>70,848,267</b>	<b>45,821,955</b>	<b>3,785,198</b>	<b>217,410,026</b>	<b>142,043,513</b>

Company	2023			2022		
	No. of Shares	Cost	Market Value	No. of Shares	Cost	Market Value
		LKR	LKR		LKR	LKR
<b>Fair Value through Profit or Loss</b>						
Hayleys PLC	570,000	59,716,482	41,040,000	570,000	59,716,482	43,833,000
Melstacorp PLC	-	-	-	750,000	39,742,567	30,825,000
Printcare PLC	-	-	-	100,000	4,900,000	2,700,000
Access Engineering PLC	-	-	-	1,750,000	52,664,727	26,250,000
Resus Energy PLC	206,110	6,906,000	2,522,885	188,999	6,614,965	3,685,481
Expo Lanka PLC	-	-	-	150,000	49,545,500	31,162,500
Hela Apparel Holdings Limited	275,800	4,137,000	2,206,400	275,800	4,137,000	3,557,820
	<b>1,051,910</b>	<b>70,759,482</b>	<b>45,769,285</b>	<b>3,784,799</b>	<b>217,321,241</b>	<b>142,013,801</b>

## 08 » INVESTMENT IN SUBSIDIARY

Non-Quoted	Country of Incorporation	No of Ordinary Shares	No of Ordinary Shares	Effective Holding	Effective Holding	2023	2022
		2023	2022	% 2023	% 2022	LKR	LKR
Lexington Holding (Pvt) Ltd	Sri Lanka	68,911,528	68,911,528	100%	100%	652,783,234	592,009,680
Lexington Resorts (Pvt) Ltd	Sri Lanka	229,000,000	-	100%	-	547,890,169	-
						<b>1,200,673,403</b>	<b>592,009,680</b>

On 08 August 2022, the company acquired 100% of the voting shares of Lexinton Resorts(Pvt) Limited, an unlisted company engage in the business of property holding company and holds a property. Refer note 33.

## NOTES TO THE FINANCIAL STATEMENTS

**Investment in Subsidiary Movement**

	At the Beginning of the Year	Investment	Change in fair value	At the end of the Year
2023	592,009,680	575,000,000	33,663,723	1,200,673,403
2022	560,800,713	-	31,208,967	592,009,680

Investment in Subsidiaries are stated at fair value, fair value has been determined based on the net assets value . Professional valuation was performed by KPMG for the year ended 31 March 2023.

The company uses fair valuation model of measurement for investment in subsidiaries.

Details of investment in subsidiaries stated at fair value included below.

Company	Valuation Techniques	Level
Lexinton Holdings (Pvt) Limited	Net Assets Value	Level 3
Lexinton Resort (Pvt) Limited	Net Assets Value	Level 3

The valuer has confirmed in his report that the value reflected as of 31 March 2023 represents the best estimate of fair value as of the reporting date, which in the valuer's opinion meets the requirements in SLFRS 13 Fair Value Measurement.

**09 » | INVESTMENT PROPERTY**

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Balance as at the beginning of the year	300,500,000	288,000,000	-	-
Addition due to the acquisition	618,000,000			
Change in fair value	46,500,000	12,500,000	-	-
<b>Balance as at the End of the Year</b>	<b>965,000,000</b>	<b>300,500,000</b>	<b>-</b>	<b>-</b>

**9.1 Group's Investment Property comprise that of Lexinton Holdings (Pvt) Ltd (Located at Colombo 08) and Lexinton Resorts (Pvt) Ltd (Located in Kosgoda).**

Investment properties are stated at fair value, which have been determined on the basis of a market value of land and building. Investment property is appraised in accordance with SLFRS 13, LKAS 40 and International Valuation Standards. Professional valuation was performed on the investment property of the Lexinton Holdings (Pvt) Ltd and Lexinton Resorts (Pvt) Ltd as at 31 March 2023 by FRT Valuation Services (Pvt) Ltd.

## NOTES TO THE FINANCIAL STATEMENTS

The significant assumptions used by the valuer in the years 2023 and 2022 are as follows.

Property		Method of Valuation	Inputs used for measurement	Area	Range	Sensitivity of Fair Value to unobservable inputs
<b>Lexinton Holdings (Pvt) Ltd</b>						
<b>2023</b>						
Freehold Land	Colombo 08	Contractor's Method	Per perch rate	17.15 Perches	LKR.7,000,000/- 9,500,000/-	Positively correlated
Freehold Buildings	Colombo 08					
<b>2022</b>						
Freehold Land	Colombo 08	Investment Method	Market Rent per sq. ft	17.15 Perches	LKR. 2400 - 2600	Positively correlated
Freehold Buildings	Colombo 08			17,150 sq feet		Positively correlated
Yield rate used for 2022 valuation was 7%						
<b>Lexinton Resort (Pvt) Ltd</b>						
<b>2023</b>						
Freehold Land	Kosgoda	Market Approach	Per perch rate	1,373.10	LKR 400,000 -600,000	Positively correlated

## 9.2 Rental Income Earned and direct Operating Expenses Relating to Investment Property is Tabulated Below.

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Rent Income Derived from Investment Property	17,197,357	18,529,518	-	2,255,500
Direct Operating Expenses Generating Rental Income	(3,429,513)	(2,753,250)	-	(472,328)
<b>Profits Arising from Investment Property Carried at Fair Value</b>	<b>13,767,844</b>	<b>15,776,267</b>	<b>-</b>	<b>1,783,172</b>

## 10 » NON CURRENT FINANCIAL ASSETS

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Loan Receivables - Non Current	45,222,773	90,445,546	45,222,773	90,445,546
	<b>45,222,773</b>	<b>90,445,546</b>	<b>45,222,773</b>	<b>90,445,546</b>

## NOTES TO THE FINANCIAL STATEMENTS

<b>Loan Receivables - Group</b>	<b>Relationship</b>	<b>As at 01.04.2022</b>	<b>Reclassification</b>	<b>Repayments</b>	<b>Accrued Interest</b>	<b>As at 31.03.2023</b>
		LKR	LKR	LKR	LKR	LKR
CHC Investments (Pvt) Ltd	Ultimate Parent	90,445,546	(45,222,773)	-		45,222,773
		<b>90,445,546</b>	<b>(45,222,773)</b>	<b>-</b>		<b>45,222,773</b>

<b>Loan Receivables - Company</b>	<b>Relationship</b>	<b>As at 01.04.2022</b>	<b>Reclassification</b>	<b>Repayments</b>	<b>Accrued Interest</b>	<b>As at 31.03.2023</b>
		LKR	LKR	LKR	LKR	LKR
CHC Investments (Pvt) Ltd	Ultimate Parent	90,445,546	(45,222,773)	-		45,222,773
		<b>90,445,546</b>	<b>(45,222,773)</b>	<b>-</b>		<b>45,222,773</b>

**Terms and Conditions**

Ambeon Holdings PLC	The repayment of interest will be made on quarterly basis and the repayment of capital will be within twenty four months after the twelve months of grace period. Period of the Loan - 24 Months (Interest Rate AWPLR + 0.5% )
Sherwood Capital (Pvt) Ltd	As per the agreement, Sherwood Capital to settle the loan in full on 31st May 2023. Rs. 8,385,041/- is the interest paid during the quarter. (Interest Rate 23%) Period of the Loan - 6 Months
CHC Investments (Pvt) Ltd	The repayment of Capital & Interest will be on 31st July 2022, 31st July 2023 and on 31st July 2024. (Interest Rate AWPLR +1.5% p.a) Period of the Loan - 36 Months
Ambeon Capital PLC	Loans are paybles on demand (Interest Rate AWPLR+0.5%)

**11 » | STATED CAPITAL**

	<b>2023</b>		<b>2022</b>	
	<b>Number</b>	<b>LKR</b>	<b>Number</b>	<b>LKR</b>
Fully Paid Ordinary Shares	1,272,857	11,137,505	1,272,857	11,137,505
	<b>1,272,857</b>	<b>11,137,505</b>	<b>1,272,857</b>	<b>11,137,505</b>

## NOTES TO THE FINANCIAL STATEMENTS

**12 » | DIVIDEND PER SHARE**

	2023		2022	
	LKR	LKR	LKR	LKR
<b>Equity Dividend on Ordinary Shares Declared and Paid During the Year</b>				
Interim Dividends	-	-	-	-
	-	-	-	-

**13 » | DEFERRED TAX (ASSET) / LIABILITY****13.1 Group**

	Note	2023	2022
		LKR	LKR
At the Beginning of the Year		24,953,477	14,371,674
Acquisition of Subsidiary		10,300,000	-
<b>Transfer from/(to) Income Statement</b>	13.2		
Due to Change in Tax Rate		26,831,107	-
Due to Change in Temporary Difference		54,639,503	10,521,222
<b>Transfer from/(to) Other Comprehensive Income</b>	13.2		
Due to change in tax rate		-	-
Due to change in temporary difference		54,986	60,581
<b>At the End of the Year</b>		<b>116,779,073</b>	<b>24,953,477</b>

**13.2 Deferred Tax Liability**

Deferred Tax (Asset)/Liability	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
	2023	2022	2023	2022	2023	2022
	LKR	LKR	LKR	LKR	LKR	LKR
<b>Deferred Tax Liability</b>						
Accumulated depreciation	1,990	1,185	806	(198,709)	-	-
Fair Valuation of Investment Properties for tax purposes	117,069,179	57,826,247	59,243,740	3,106,247	-	-
Addition due to aquisition	-	-	(10,300,000)	-	-	-
	<b>117,071,171</b>	<b>57,827,432</b>	<b>48,943,740</b>	<b>2,907,538</b>	-	-
<b>Deferred Tax Assets</b>						
Defined Benefit Plans	(292,097)	(211,974)	(135,110)	(49,295)	54,987	60,581
Carried Forward Tax Losses	-	(32,661,981)	32,661,981	7,662,979	-	-
	<b>(292,097)</b>	<b>(32,873,955)</b>	<b>32,526,871</b>	<b>7,613,684</b>	<b>54,987</b>	<b>60,581</b>
<b>Deferred Income Tax Expense</b>			<b>81,470,610</b>	<b>10,521,222</b>	<b>54,987</b>	<b>60,581</b>
<b>Net Deferred Tax Liability</b>	<b>116,779,073</b>	<b>24,953,477</b>				

The effective Tax rate used is 30%.

## NOTES TO THE FINANCIAL STATEMENTS

## 13.3 Company

	Note	2023	2022
		LKR	LKR
At the Beginning of the Year		17,476,282	14,356,610
<b>Transfer from/(to) Income Statement</b>	13.4		
Due to Change in Tax Rate		12,523,486	-
Due to Change in Temporary Difference		32,837,609	3,059,091
<b>Transfer from/(to) Other Comprehensive Income</b>	13.4	-	-
Due to Change in Temporary Difference		54,987	60,581
<b>At the End of the Year</b>		<b>62,892,365</b>	<b>17,476,282</b>

## 13.4 Deferred Tax Liability

	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
	2023	2022	2023	2022	2023	2022
	LKR	LKR	LKR	LKR	LKR	LKR
<b>Deferred Tax Liability</b>						
Accumulated Depreciation	1,990	1,185	806	(6,455)	-	-
Fair Valuation of Investment Properties for Tax Purposes	-	-	-	-	-	-
Fair Valuation of Investment in Subsidiary	63,251,908	17,717,597	45,534,311	3,120,897	-	-
	<b>63,253,898</b>	<b>17,718,782</b>	<b>45,535,117</b>	<b>3,114,442</b>	-	-
<b>Deferred Tax Assets</b>						
Defined Benefit Plans	(292,097)	(211,974)	(135,110)	(49,295)	54,987	60,581
Carried Forward Tax Losses	-	-	-	-	-	-
ROU Assets	(69,435)	(30,524)	(38,911)	(6,056)	-	-
	<b>(361,533)</b>	<b>(242,498)</b>	<b>(174,021)</b>	<b>(55,351)</b>	<b>54,987</b>	<b>60,581</b>
<b>Deferred Income Tax Expense</b>			<b>45,361,095</b>	<b>3,059,091</b>	<b>54,987</b>	<b>60,581</b>
<b>Net Deferred Tax Liability</b>	<b>62,892,365</b>	<b>17,476,282</b>				



## NOTES TO THE FINANCIAL STATEMENTS

**14 » | RIGHT OF USE ASSET**

Assets held under lease have been recognised as Right of Use Assets under SLFRS 16.

	Company	
	2023	2022
	LKR	LKR
<b>Right of Use Asset</b>		
Assets as at 01 April 2022	1,303,825	1,651,512
Amortisation Charge for the Year	(594,144)	(347,687)
Reassessment of Asset	330,055	-
<b>Assets as at 31 March 2023</b>	<b>1,039,736</b>	<b>1,303,825</b>

**15 » | EMPLOYEE BENEFIT LIABILITIES**

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
As at 1 April 2022	883,225	930,249	883,225	930,249
Current Service Cost	167,634	83,859	167,634	83,859
Actuarial Loss / (Gain) on Obligation	(183,300)	(252,421)	(183,300)	(252,421)
Interest Cost on benefit Obligations	106,099	121,538	106,099	121,538
Payments made During the Year	-	-	-	-
<b>As at 31 March 2023</b>	<b>973,658</b>	<b>883,225</b>	<b>973,658</b>	<b>883,225</b>

\*The retirement benefit gratuity of the Company is based on Projected unit cost method.

**15.1 The principal assumptions used in determining the cost of employee benefits were ;**

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Salary Increment Rate	14.0%	12.0%	14.0%	12.0%
Discount Rate	16.0%	15.0%	16.0%	15.0%
Retirement Age	60 Years	60 Years	60 Years	60 Years

## NOTES TO THE FINANCIAL STATEMENTS

**15.2 A quantitative sensitivity analysis for significant assumption as at 31 March 2023 and 2022 is shown below;**

	Sensitivity Level	Salary Increment Rate		Discount rate	
		Increase	Decrease	Increase	Decrease
		1%	1%	1%	1%
2023	Impact on Defined Benefit Obligation - LKR	16,356	(16,226)	(15,811)	16,213
2022	Impact on Defined Benefit Obligation - LKR	22,870	(22,487)	(21,718)	22,466

**16 » | LEASE CREDITOR****16.1 Corresponding lease liability for the Right of Use Asset has been recognised.**

	Company	
	2023	2022
	LKR	LKR
Lease Liability as at 01 April 2022	1,431,011	1,753,465
Accretion of Interest	142,174	112,528
Rentals Paid During the Year	(967,771)	(434,983)
Impact of Modification	202,886	-
<b>Lease Liability as at 31 March 2023</b>	<b>808,300</b>	<b>1,431,011</b>

	Company	
	2023	2022
	LKR	LKR
After One year	366,316	1,085,246
Within One Year	441,984	345,765
	<b>808,300</b>	<b>1,431,011</b>

	2023	2023	2023	2022	2022	2022
	Within 1 Year	After 1 Year	Total	Within 1 Year	After 1 Year	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Gross Liability	512,124	384,093	896,216	434,982	1,196,202	1,631,184
Finance Charges Allocated to Future Periods	(70,140)	(17,776)	(87,916)	(89,217)	(110,956)	(200,173)
<b>Net Liability</b>	<b>441,984</b>	<b>366,317</b>	<b>808,300</b>	<b>345,765</b>	<b>1,085,246</b>	<b>1,431,011</b>

## NOTES TO THE FINANCIAL STATEMENTS

**17 » | TRADE AND OTHER PAYABLES**

	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Trade Payable - Other		565,874	577,586	565,874	577,586
Other Payables - Sundry Creditors Including Accrued Expenses		17,717,964	15,457,490	15,106,502	14,557,239
- Related Parties	17.1	45,821,078	7,905,302	-	991,504
		<b>64,104,916</b>	<b>23,940,378</b>	<b>15,672,376</b>	<b>16,126,329</b>

**17.1 Other Payables - Related Parties**

	Relationship	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Lexinton Financial Services (Pvt) Ltd	Group Company	7,640,095	6,265,917	-	-
Taprobane Capital Plus (Pvt) Ltd	Group Company	21,450	15,881	-	-
Taprobane Investments (Pvt) Ltd	Group Company	-	14,961	-	14,961
Ambeon Holdings PLC	Immediate Parent	632,000	1,608,543	-	976,543
Ambeon Capital PLC	Ultimate Parent	37,527,533	-	-	-
		<b>45,821,078</b>	<b>7,905,303</b>	<b>-</b>	<b>991,504</b>

**18 » | INTEREST BEARING LOANS AND BORROWINGS**

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Repurchase Agreements (REPOs)	97,999,999	17,229,294	97,999,999	17,229,294
	<b>97,999,999</b>	<b>17,229,294</b>	<b>97,999,999</b>	<b>17,229,294</b>

**18.1 Movement in Interest Bearing Borrowings**

Short Term Loan	At the beginning of the Year	Loans Obtained	Repayment	Accrued Interest	At the end of the Year
	LKR	LKR	LKR	LKR	LKR
Seylan Bank PLC	17,229,294	97,999,999	(17,229,294)	-	97,999,999
	<b>17,229,294</b>	<b>97,999,999</b>	<b>(17,229,294)</b>	<b>-</b>	<b>97,999,999</b>

**Terms & Conditions**

Interest Rate : 22%

Period : 6 Months

Treasury Bond (Rs. 150 Mn)

## NOTES TO THE FINANCIAL STATEMENTS

**19 » | OTHER INCOME**

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Dividend Income	5,534,594	5,455,399	5,532,997	5,455,000
Other	(1,180,882)	-	(1,180,883)	-
Gain on Disposal of shares		32,763,695		32,763,695
Interest Income from T/Bills	7,961,690	-	-	-
Sundry Income	107,700	-	-	-
	<b>12,423,102</b>	<b>38,219,094</b>	<b>4,352,114</b>	<b>38,218,695</b>

**20 » | FINANCE INCOME**

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Interest on Commercial Paper	-	3,214,701	-	3,214,702
Interest Income on Reverse REPOs	3,400,546	7,557,006	2,671,400	6,933,696
Interest Income on Fixed Deposits	1,977,748	10,249,903	1,977,747	10,249,902
Interest Income on Loan Granted	102,006,090	49,029,386	102,006,090	49,029,387
Interest Income on Savings Account	237,362	94,107	237,362	94,107
Interest Income on Treasury Bill	41,990,712	19,382,315	41,990,711	19,382,315
Interest Income on Treasury Bond	60,321,404		60,321,404	-
	<b>209,933,862</b>	<b>89,527,418</b>	<b>209,204,716</b>	<b>88,904,108</b>

**21 » | FINANCE COST**

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Interest Expense on Short Term Loan	14,572,964	1,069,917	6,439,373	657,805
Interest Expense on Repurchase Agreements (REPOs)	1,546,685	1,546,686	1,546,685	1,546,686
Overdraft Interest	-	15,482	-	15,482
ROU Interest	-	-	142,174	112,528
	<b>16,119,649</b>	<b>2,632,084</b>	<b>8,128,232</b>	<b>2,332,501</b>

\*Terms and conditions relating to Interest Expense on loans obtained have been disclosed under Note 18.

## NOTES TO THE FINANCIAL STATEMENTS

**22 » | INCOME TAX EXPENSE**

	Note	Group		Company	
		2023	2022	2023	2022
		LKR	LKR	LKR	LKR
<b>Current Income Tax</b>					
Current Tax Expense on Ordinary Activities for the Year	22.1	55,544,556	17,554,478	55,544,556	17,554,478
(Over) / Provision of Current Taxes in Respect of Prior Years		(933,846)	(3,255,800)	(933,846)	(3,255,800)
<b>Deferred Income Tax</b>					
Deferred Taxation Charge	13	81,470,610	10,521,222	45,361,095	3,059,091
<b>Income Tax Expense Reported in the Income Statement</b>		<b>136,081,320</b>	<b>24,819,900</b>	<b>99,971,805</b>	<b>17,357,769</b>

**22.1 Reconciliation between Current Tax Expense and the product of Accounting Profit.**

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Accounting Profit Before Income Tax	222,160,363	57,434,706	140,914,104	46,832,503
Aggregate Disallowable Expenses	87,646,927	92,763,414	75,915,259	89,240,769
Aggregate Allowable Expenses	(1,568,204)	(1,313,173)	(973,701)	(440,912)
Assessable Charge or (Balancing Allowance) on Depreciable Assets	-	9,929,530	-	9,929,530
Income not Subject to Tax	(48,215,389)	(82,158,718)	-	(69,027,662)
Other Income Included in Profit from Operations	(266,699,037)	(89,304,110)	(259,699,037)	(89,304,110)
<b>Taxable Profit/(Loss)</b>	<b>(6,675,340)</b>	<b>(12,648,351)</b>	<b>(43,843,375)</b>	<b>(12,769,882)</b>
Business Profit	27,998,588	31,305,266	-	-
Income from Investment	225,626,150	86,712,718	216,935,314	86,089,409
Aggregate Allowable Expenses	(68,750)	(9,200)	(68,750)	(9,200)
Less: Carried forward tax loss utilized	(80,532,800)	(44,698,458)	-	(12,769,882)
Tax Exempt	-	-	(4,566,000)	-
<b>Taxable Income</b>	<b>173,023,188</b>	<b>73,310,326</b>	<b>212,300,564</b>	<b>73,310,327</b>
Statutory Tax Rate	24%/30%	24%	24%/30%	24%
Income Tax on Dividend Income	140,010	56,000	140,010	56,000
Income Tax on Taxable Income	55,404,546	17,498,458	55,404,546	17,498,478
<b>Current Income Tax Expenses</b>	<b>55,544,556</b>	<b>17,554,478</b>	<b>55,544,556</b>	<b>17,554,478</b>

During the first six months of the period, the Company is liable for 24% income tax, and during the remaining six months it is liable for 30% income tax.

## NOTES TO THE FINANCIAL STATEMENTS

## 22.2 Tax Losses Carried Forward

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Tax losses brought forward	350,455,426	382,384,002	-	-
Tax losses arising during the year	43,843,376	12,769,882	43,843,375	12,769,882
Utilization of tax losses	(80,532,800)	(44,698,458)	-	(12,769,882)
Adjustments	21,823,440	-	-	-
<b>Tax losses carried forward</b>	<b>335,589,442</b>	<b>350,455,426</b>	<b>43,843,375</b>	<b>-</b>

The Group recognizes a deferred tax asset on the unused tax losses which is expected to reduce the future tax expense based on the Group's forecasted business plans. However, deferred tax asset has not been recognised for unused tax losses amounting to LKR 214,363,837/-. These unused tax losses will expire in 2024/25 - LKR 136,091,589.

## 23 » PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

## Stated After Charging/(Crediting)

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
- Included under Administration Expenses				
- Depreciation of Property, Plant & Equipment	740,711	1,153,830	4,445	36,735
- Directors' Remuneration	3,280,000	3,310,000	3,280,000	3,310,000
- Salaries	3,678,640	4,426,900	3,678,640	4,426,900
- Defined Benefit Plan Costs - Gratuity	273,732	205,397	273,732	205,397
- Defined Contribution Plan Costs - EPF & ETF	475,900	664,035	475,900	664,035
- Audit Fees	917,500	1,014,648	630,000	644,628
- Audit Related Fees & Expenses	57,328	11,500	-	-

## NOTES TO THE FINANCIAL STATEMENTS

**24 » EARNINGS PER SHARE**

**24.1** Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

**24.2** The following reflects the income and share data used in the basic Earnings Per Share computations.

	Group		Company	
	2023	2022	2023	2022
Amount Used as the Numerator:	LKR	LKR	LKR	LKR
<b>Net Profit from Operations Attributable to Equity Holders for Basic Earnings Per Share</b>	<b>86,079,044</b>	<b>32,614,806</b>	<b>40,942,299</b>	<b>29,474,734</b>

	Group		Company	
	2023	2022	2023	2022
	Number	Number	Number	Number
<b>Number of Ordinary Shares Used as Denominator:</b>				
<b>Number of Ordinary Shares for Basic Earnings Per Share</b>	<b>1,272,857</b>	<b>1,272,857</b>	<b>1,272,857</b>	<b>1,272,857</b>
<b>Weighted Average Number of Ordinary Shares Adjusted for the Effect of Dilution</b>	<b>1,275,857</b>	<b>1,272,857</b>	<b>1,272,857</b>	<b>1,272,857</b>

**25 » CASH AND CASH EQUIVALENTS****25.1 Favourable Cash and Cash Equivalents Balance**

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
<b>Favourable Cash and Cash Equivalents Balance</b>				
Cash and Bank Balances	3,979,410	4,736,853	2,762,628	3,533,320
Repo Investments	5,501,986	30,115,553	-	1,500,596
	<b>9,481,396</b>	<b>34,852,406</b>	<b>2,762,628</b>	<b>5,033,916</b>
<b>Cash &amp; Cash Equivalents at the End of the Year for the Purpose of Cash Flow Statement</b>	<b>9,481,396</b>	<b>34,852,406</b>	<b>2,762,628</b>	<b>5,033,916</b>

## NOTES TO THE FINANCIAL STATEMENTS

**26 » | FAIR VALUE MEASUREMENT**

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Group held the following financial instruments carried at fair value in the statement of financial position:

Group	Notes	Level 1		Level 2		Level 3	
		2023	2022	2023	2022	2023	2022
		LKR	LKR	LKR	LKR	LKR	LKR
<b>Assets Measured at Fair Value</b>							
Investment Property	9	-	-	-	-	965,000,000	300,500,000
Investment in Quoted Shares	7.4	45,821,955	142,043,513	-	-	-	-
<b>Total</b>		<b>45,821,955</b>	<b>142,043,513</b>	<b>-</b>	<b>-</b>	<b>965,000,000</b>	<b>300,500,000</b>

Company	Notes	Level 1		Level 2		Level 3	
		2023	2022	2023	2022	2023	2022
		LKR	LKR	LKR	LKR	LKR	LKR
<b>Assets Measured at Fair Value</b>							
Investment in Subsidiary	9	45,769,285	-	-	-	1,200,673,403	592,009,680
Investment in Quoted Shares	7.3	-	142,013,801	-	-	-	-
<b>Total</b>		<b>45,769,285</b>	<b>142,013,801</b>	<b>-</b>	<b>-</b>	<b>1,200,673,403</b>	<b>592,009,680</b>

**Financial Assets and Liabilities measured or disclosed at Fair Value**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Those assumptions for assets categorised as Level 3 has been described under respective note numbers.

During the reporting period ended 31 March 22/23, there were no transfers between Level 2 and Level 2 fair value measurements.

**27 » | ASSETS PLEDGED**

The Company has pledged investment in treasury bond as a security for obtaining a reverse REPO from the Seylan Bank PLC.

Lexinton Holdings (Pvt) Ltd has pledged the following asset to Sampath Bank PLC on behalf of Ambeon Holdings PLC to obtain a facility of Rs. 265 Mn.

		2023	2022
		LKR	LKR
Nature of Assets	Nature of Liability	Carrying Amount of the Property	
Investment Property	Term Loan	340,000,000	300,500,000



## NOTES TO THE FINANCIAL STATEMENTS

**28 » | COMMITMENTS AND CONTINGENCIES**

The Company does not have significant commitments and contingencies as at the reporting date.

Lexinton Holdings (Pvt) Ltd has filed following petitions of appeal to Tax appeals commission against the assessments.

1. Assessments No. - ITA 14281100120 - IV. Total Tax Assessed was Rs. 50,787,184/-.
2. Assessments No. -VATFS/BFSU/2018/934. Total Tax Assessed was Rs. 1,592,394/-.

Having sought professional advice, management is confident that the grounds for the appeal are strong and as such no liability would arise.

**29 » | RELATED PARTY DISCLOSURES**

Details of significant related party disclosures are as follows:

**29.1 Transaction with Parent and Related Entities****29.1.1 Ultimate Parent - CHC Investment (Pvt) Ltd**

	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Balance as at 01 April	139,037,503	131,965,415	139,037,503	131,965,415
Interest Income	34,669,760	11,862,173	34,669,760	11,862,173
Interest Settlement	(3,369,183)	(4,790,085)	(3,369,183)	(4,790,085)
<b>Balance as at 31 March</b>	<b>170,338,080</b>	<b>139,037,503</b>	<b>170,338,080</b>	<b>139,037,503</b>

Terms & Conditions: Rate of Interest AWPLR + 1.5%

**29.1.2 Transactions With Subsidiary**

	Company	
	2023	2022
	LKR	LKR
Balance as at 01 April	-	-
Purchase of Services	967,769	434,982
Settlement of Dues	(967,769)	(434,982)
<b>Balance as at 31 March</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 29.1.3 Transaction With/Between Related Parties

Nature of Transaction	Group		Company	
	**Other Related Parties		**Other Related Parties	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Balance as at 01 April	676,305,982	819,800,648	408,213,984	551,797,851
Receipt of Rental Income	-	(3,092,223)	-	(3,092,223)
Rendering of Services (Rental Services)	16,297,983	19,079,065	-	2,770,500
Purchase of Goods/Services	-	178,457	-	178,457
Staff Support and Asset Utilisation Fees	(13,314,922)	(3,790,800)	(13,314,922)	(3,790,800)
Interest Income on Loans	136,627,994	55,168,136	67,336,330	37,167,214
Loan Granted	98,000,000	3,100,000	98,000,000	-
Repayments of Loans and Interest	(301,109,143)	(218,104,059)	(301,109,143)	(178,458,730)
Reclassification of Related Party Balances	-	89,389	-	89,389
Reimbursement of Expenses	(26,170,220)	(2,417,057)	(1,686,174)	(4,742,100)
Settlement of Dues	-	6,294,427	-	6,294,427
<b>Balance as at 31 March</b>	<b>586,637,674</b>	<b>676,305,982</b>	<b>257,440,075</b>	<b>408,213,984</b>

\*\* Other Related Parties include the following companies

Ambeon Capital PLC  
Ambeon Holdings PLC  
Dankotuwa Porcelain PLC  
Royal Fernwood Porcelain Ltd  
Ceylon Leather products Limited  
Ambeon Securities Pvt Ltd  
ARRC Capital (Pvt) Ltd  
Taprobane Investments Ltd  
Lexinton Financial Services (Pvt) Ltd  
Sherwood Capital (Pvt) Ltd

Other Related Parties are companies controlled / jointly controlled by Key Management Personnel.

**Terms and conditions :**

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. Interest bearing borrowings are at pre-determined interest rates and terms. Rental Income are at pre-determined rates and terms.

**29.2 Transactions with Key Management Personnel (KMPs)**

Related party includes KMPs defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Such KMPs include Board of Directors of the company (inclusive of executive and non-executive directors), KMPs of the subsidiary and KMPs of the parent company.

Payments made to Key Management Personnel during the year were as follows:

Key Management Personnel Compensation	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Short-term Employee Benefits	3,280,000	5,133,800	3,280,000	5,133,800
Post Employment Benefits	-	168,300	-	168,300
	<b>3,280,000</b>	<b>5,302,100</b>	<b>3,280,000</b>	<b>5,302,100</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 29.3 Disclosure in Terms of Section 9.3.2 of the Listing Rules of Colombo Stocks Exchange

#### Non Recurrent

The Company has not entered in to non-recurrent related party transactions during the financial year.

#### Recurrent

Name of the Related Party	Dankotuwa Porcelain PLC
Relationship	Group Company
Nature of the Transaction	Rent Income
Value of Related Party Transactions entered into during the financial year (LKR)	-
Aggregate value of Related Party Transactions as a % of net Revenue/Income	0%
Terms and Conditions of the Related Party Transactions	As per the lease agreement

## 30 » | EVENTS OCCURRING AFTER THE REPORTING DATE

The ordinary shares of Colombo City Holdings PLC were subdivided on 18th April 2023 by splitting each issued ordinary share into twenty (20) ordinary shares. Accordingly, the total number of existing issued Ordinary Shares were increased from 1,272,857 to 25,457,140 without any change to the Stated Capital of the Company which remains as Rs. 11,137,505/-.

## 31 » | FINANCIAL ASSETS AND LIABILITIES

### 31.1 Financial Assets and Liabilities for which Fair Value Approximates Carrying Value

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Following is a list of financial assets and liabilities whose carrying amount is a reasonable approximation of fair value due to short-term maturities of these instruments.

#### Assets

Trade and Other Receivables

Other Financial Investments

Cash in Hand and at Bank.

#### Liabilities

Trade and Other Payables

Interest Bearing Borrowings

Methods and assumptions used to estimate fair value are disclosed under note 26 to the Financial Statements.

#### Reclassification of financial assets

There were no reclassifications during 2022 & 2023.

## NOTES TO THE FINANCIAL STATEMENTS

**32 » FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group has trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

The Risk management is overlooked by the Group, in close corporation with the board of directors and parent Company. It focuses on actively securing the Group's short to medium term cash flows by minimizing the exposure to financial markets. Long term financial investments are managed to generate lasting returns. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

**32.1 Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

**32.2 Trade and Other Receivables**

Customers credit risk is managed through established policies and procedures relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with the assessment.

The requirement for an impairment is analyzed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

Trade receivables	Group		Company	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Neither Past Due, not Impaired	-	-	-	-
<b>Past due but not impaired</b>				
31-60 Days		-		-
61-90 Days		-		-
>90 Days	56,836	-	56,836	-
Past Due and Impaired	-	3,521,664		3,521,664
<b>Total</b>	<b>56,836</b>	<b>3,521,664</b>	<b>56,836</b>	<b>3,521,664</b>

**Investments**

Credit risk from invested balances with the financial institutions are managed by the Group's management in accordance with the Group's policy. Investments of surplus funds are made only with the approved counterparties and within credit limits assigned to each counterparty. The limits are set out to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

**32.3 Liquidity Risk**

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

## NOTES TO THE FINANCIAL STATEMENTS

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

### Liquidity Risk Management

The business units attempt to match contracted cash outflows in each time bucket using a combination of operational cash inflows and other inflows that can be generated through the liquidation of short term investments, repurchase agreements or other secured borrowings.

### Contractual maturity analysis

The table below summarizes the maturity profile of the Group's financial liabilities at 31 March 2023 and 31 March 2022 based on contractual undiscounted payments.

Group	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
2023	LKR	LKR	LKR	LKR	LKR
Trade and Other Payables	47,572,900	1,186,314	-	15,345,704	64,104,918
Interest Bearing Loans and Borrowings	97,999,999	-	-	-	97,999,999
	<b>145,572,899</b>	<b>1,186,314</b>	<b>-</b>	<b>15,345,704</b>	<b>162,104,917</b>
2022					
Trade and Other Payables	2,015,824	3,848,535	11,368,638	6,707,376	23,940,374
Interest Bearing Loans and Borrowings	17,229,294	-	-	-	17,229,294
	<b>19,245,118</b>	<b>3,848,535</b>	<b>11,368,638</b>	<b>6,707,376</b>	<b>41,169,668</b>
Company	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
2023	LKR	LKR	LKR	LKR	LKR
Trade and Other Payables	1,156,886	-	-	14,515,491	15,672,377
Interest Bearing Loans and Borrowings	97,999,999	-	-	-	97,999,999
	<b>99,156,885</b>	<b>-</b>	<b>-</b>	<b>14,515,491</b>	<b>113,672,376</b>
2022					
Trade and Other Payables	991,504	3,766,186	11,368,634	-	16,126,324
Interest Bearing Loans and Borrowings	17,229,294	-	-	-	17,229,294
	<b>18,220,798</b>	<b>3,766,186</b>	<b>11,368,634</b>	<b>-</b>	<b>33,355,618</b>

### 32.4 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (specially due to currency risk and interest rate risk).

The objective of market risk management is to manage and control market risk exposures within the acceptable parameters while optimising the return.

The analysis excludes the impact of movements in market variables on the carrying value of other post-retirement obligations, provisions and the non-financial assets and liabilities.

The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2023 and 2022.

### 32.5 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investment to the financial instruments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax (through the impact on floating rate borrowings)

	Increase/(Decrease) in basis point	Effect on Profit Before Tax (LKR)	
		Group	Company
2023	+100	(341,521)	(341,521)
	-100	341,521	341,521
2022	+100	(493,991)	(493,991)
	-100	493,991	493,991

### 32.6 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has no significant exposure to foreign currency risk.

### 32.7 Equity Price Risk

The group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the management of the company.

## 33 » INVESTMENT IN SUBSIDIARY

### Purchase of shares of Lexinton Resorts (Pvt) Ltd by Colombo City Holdings PLC

Colombo City Holdings PLC purchased 229,000,000 ordinary shares of Lexinton Resorts (Pvt) Ltd on 8 August 2022. This purchase represents 100% of the total issued ordinary shares of Lexinton Resorts (Pvt) Ltd.

Fair values of the identifiable assets and liabilities of the acquired Subsidiary;

	LKR
<b>Non-Current Assets</b>	
Investment Property	618,000,000
<b>Total Non-Current Assets</b>	<b>618,000,000</b>
<b>Current Assets</b>	
Trade & Other Receivables	40,000
Cash & Bank	131,801
<b>Total Current Assets</b>	<b>171,801</b>
<b>Total Assets</b>	<b>618,171,801</b>
<b>Non-Current Liabilities</b>	
Deferred Tax Liabilities	10,300,000
<b>Total Non-Current Liabilities</b>	<b>10,300,000</b>
<b>Current Liabilities</b>	
Trade & Other Payables	33,523,353
<b>Total Current Liabilities</b>	<b>33,523,353</b>
<b>Total Liabilities</b>	<b>43,823,353</b>
Fair value of Net Assets Acquired	574,348,448
Purchase Consideration	575,000,000
Goodwill recognised on acquisition *	651,551

\* Goodwill on acquisition has impaired during the year based on the assessment carried out by the management.

## INVESTOR INFORMATION

The issued ordinary shares of Colombo City Holdings PLC are listed with the Colombo Stock Exchange (CSE).

### Ordinary Shareholders as at 31 March 2023

Range of Shareholding	No. of Shareholders	No. of Shares	%
1 upto 1,000 shares	1,052	68,810	5.40
1,001 to 10,000 shares	37	118,586	9.32
10,001 to 100,000 shares	5	97,401	7.65
100,001 to 1,000,000 shares	2	988,060	77.63
<b>TOTAL</b>	<b>1,096</b>	<b>1,272,857</b>	<b>100.00</b>

### Public Shareholding

Information pertaining to public shareholding is as follows;

	2022/2023	2021/2022
Number of public shares	284,797	284,797
Public holding percentage	22.37%	22.37%
Number of public shareholders	1,094	1,107
Float adjusted market capitalization (LKR)	286,446,539.57	276,195,967.57

The Company is compliant with the Minimum Public Holding requirement under option 5 of rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange.

### Market Values (traded dates)

	2022/2023	2021/2022
Market value per share as at last traded date (LKR)	1,006.00 (31.03.2023)	970.00 (31.03.2022)
Highest value per share recorded during the period (LKR)	1,249.00 (02.02.2023)	1,349.75 (16.08.2021)
Lowest value per share recorded during the period (LKR)	700.00 (08.09.2022)	784.00 (22.03.2022)

### Share Trading

	2022/2023	2021/2022
No. of transactions	1,013	2,701
No. of shares traded	14,717	100,059
Value of shares traded (LKR)	15,126,292.75	104,165,698.75

There were 1,096 registered shareholders as at 31 March 2023 (1,109 as at 31 March 2022).

**Twenty largest shareholders as at**

Name of shareholder	31 March 2023		31 March 2022	
	No. of shares	%	No. of shares	%
1. Seylan Bank PLC/Ambeon Holdings PLC (Collateral)	845,159	66.40	845,159	66.40
Ambeon Holdings PLC	142,901	11.23	142,901	11.23
<b>TOTAL</b>	<b>988,060</b>	<b>77.63</b>	<b>988,060</b>	<b>77.63</b>
2. Finance Land and General (Private) Limited	26,162	2.06	25,908	2.04
3. Est. of Late J E Costa	25,559	2.01	25,559	2.01
4. Laugfs Gas PLC	19,067	1.50	19,067	1.50
5. Mr. H E B De Mel	15,613	1.23	15,613	1.23
6. Mr. S N C W M B C Kandegedara	11,000	0.86	12,000	0.94
7. Thurston Investments Limited	9,262	0.73	9,262	0.73
8. MBSL/K S Devshankar	9,109	0.72	9,345	0.73
9. Mrs. I A Goonetilleke	8,800	0.69	8,800	0.69
10. Mrs. M M Misso	8,492	0.67	8,492	0.67
11. Mrs. E De Silva	8,433	0.66	8,433	0.66
12. Mrs. S C Fernando	7,700	0.60	7,700	0.60
13. Mr. K A N L Ratnasekera	6,500	0.51	6,300	0.49
14. Sea Consortium Lanka (Private) Limited	4,600	0.36	4,600	0.36
15. Mr. M T Rajabkhan	3,901	0.31	3,900	0.31
16. Mr. G Bawa Estate of Deceased	3,268	0.26	3,268	0.26
17. Miss G W M Jansen	3,080	0.24	3,080	0.24
18. Mr. C N Pakianathan	2,905	0.23	2,904	0.23
19. Mrs. H C Dias	2,640	0.21	2,640	0.21
20. Mr. A R Ephraums	2,552	0.20	2,552	0.20

**Director's Shareholdings as at**

Name	31 March 2023	31 March 2022
Mr. D R Abeyesuriya	Nil	Nil
Mr. A W Atukorala	Nil	Nil
Mr. C S Devasurendra	Nil	Nil
Dr. K S Narangoda	Nil	Nil
Mr. Y Kanagasabai	Nil	Nil



## FIVE YEAR FINANCIAL SUMMARY

LKR ('000)	Group				
	2023	2022	2021	2020	2019
Revenue	88,206	38,467	56,024	61,052	16,551
Profit/ (Loss) Before Tax	222,160	57,435	(309,034)	230,294	222,119
Taxation (Expense)/Reversal	136,081	(24,820)	3,345	(45,417)	22,524
Profit/(Loss) After Tax	86,079	32,615	(305,689)	184,877	244,643
<b>Equity</b>					
Stated Capital	11,138	11,138	11,138	11,138	11,138
Retained Earnings	2,010,655	1,924,448	1,891,641	2,260,927	2,076,031
Total Equity	2,021,792	1,935,585	1,902,778	2,272,064	2,087,169
<b>Assets Employed</b>					
Non Current Assets	1,011,134	392,474	1,086,478	1,993,471	1,814,656
Current Assets	1,312,813	1,620,756	1,021,355	356,076	566,742
Non Current Liabilities	117,753	25,837	15,302	38,524	22,059
Current Liabilities	184,402	51,808	189,752	38,960	272,271
Capital Employed	2,139,544	1,961,422	1,902,778	2,272,064	2,087,168

On 08th August 2022, the company acquired 100% stake in Lexinton Resorts (Private) Limited.

## NOTICE OF MEETING

Notice is hereby given that the 110th Annual General Meeting of the Company will be held by way of electronic means on Wednesday, 20 September 2023 at 9.30 a.m. centered at the Boardroom of the Company at No. 10, Gothami Road, Colombo 8, Sri Lanka, for the following business:

1. To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31 March 2023 together with the Report of the Auditors thereon (Resolution 1).
2. To re-elect Dr. K S Narangoda, Director who retires by rotation in terms of Article No. 24 (vi) of the Articles of Association (Resolution 2).
3. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A W Atukorala who has reached the age of 74 years (Resolution 3).  

“IT IS HEREBY RESOLVED that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. A W Atukorala, who has reached the age of 74 years prior to the Annual General Meeting and that he shall accordingly be re-appointed.”
4. To re-appoint M/s. Ernst & Young, Chartered Accountants, the retiring auditors and to authorize the Directors to determine their remuneration (Resolution 4).
5. To authorise the Directors to determine donations for the year 2023/2024 (Resolution 5).

By Order of the Board

Sgd.

**Nexia Corporate Consultants (Pvt) Ltd**

Secretaries

Colombo

25 August 2023

Notes:

1. A shareholder entitled to attend and vote at the above virtual meeting is entitled to appoint a proxy to attend and vote on behalf of him/her by electronic means
2. A proxy need not be a shareholder of the Company.
3. Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
4. The Form of Proxy is enclosed for this purpose
5. Shareholders are advised to follow the Guidelines for Registration and the Registration Form for the Annual General Meeting which are made available on the Company's official website and the CSE website

# Form of Proxy

I/We.....  
 holder of NIC No. .... of .....  
 ..... being a Shareholder/Shareholders of  
 Colombo City Holdings PLC, do hereby appoint .....  
 holder of NIC No. .... of ..... or failing him/her

- Mr. D R Abeyesuriya .....or failing him
- Mr. A. W. Atukorala .....or failing him
- Mr. C. S. Devasurendra .....or failing him
- Dr. K. S. Narangoda .....or failing him
- Mr. Y Kanagasabai

as \*my/our proxy to represent me/us and to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 20 September 2023 and any adjournment thereof and at every poll which may be taken in consequence thereof.

**Resolutions**

- 1. To adopt the Audited Accounts for the year ended 31 March 2023
- 2. To re-appoint Dr. K S Narangoda
- 3. To re-elect Mr. A. W. Atukorala
- 4. To re-appoint auditors
- 5. To authorize Directors to make donations

<b>For</b>	<b>Against</b>
<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>

Mark your preference with "X"

Signed on this ..... day of ..... 2023.

.....

Signature

- a) \* Please delete the inappropriate words.
- b) Instructions as to completion are noted on the reverse thereof

## Instructions as to the completion of Form of Proxy

1. The full name, national identity card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall -
  - a. In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
  - b. In the case of a company or corporate/statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate/statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. Please indicate with a "X" how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. To be valid, the completed Form of Proxy must be deposited with the Registered Office of the Company at No. 10, 5th Floor, Gothami Road, Colombo 8, Sri Lanka or must be emailed to [cchagm2023@colombocityholdings.com](mailto:cchagm2023@colombocityholdings.com) by 9.30 a.m. on Monday, 18 September 2023.

## Corporate Information

### **Name of Company**

Colombo City Holdings PLC

### **Registered Office**

No. 10, 5th Floor  
Gothami Road  
Colombo 8  
Tele: 011 5 700 700

### **Legal Form**

A Public Quoted Company with limited liability incorporated on 04 April 1913, re-registered under the Companies Act No. 07 of 2007 on 13 August 2007.

### **Company Registration No.**

PQ 71

### **Directors**

Mr. D R Abeyesuriya (Chairman)  
Mr. A W Atukorala  
Mr. C S Devasurendra  
Dr. K S Narangoda  
Mr. Y Kanagasabai

### **Secretaries**

Nexia Corporate Consultants (Private Limited)  
130, Level 2,  
Nawala Road, Narahenpita,  
Colombo 05, Sri Lanka.  
Tele: 011-4510709

### **Registrars**

S S P Corporate Services (Private) Limited  
101, Inner Flower Road  
Colombo 3, Sri Lanka  
Tele: 011-2573894

### **Auditors**

Ernst & Young  
Chartered Accountants  
201, De Saram Place  
Colombo 10  
Tele: 011-2463500

### **Bankers**

National Development Bank  
Pan Asia Banking Corporation PLC  
Sampath Bank PLC  
Seylan Bank PLC  
Standard Chartered Bank

**COLOMBO CITY HOLDINGS PLC**